



## **ANNUAL CONCEPT BUDGET OF**

## ***HANTAM MUNICIPALITY***

**2014/2015 TO 2016/2017**

**MEDIUM TERM REVENUE AND EXPENDITURE  
FORECASTS**

## **PART 1 – ANNUAL DRAFT BUDGET**

### **1.1. Mayor's Report**

*See attached*

### **1.2. Council Resolution**

On 27 March 2014 the Council of Hantam Municipality met in the Council Chambers of the Municipality to consider the Annual Concept Budget of the Municipality for the 2014/2015 financial year. The Council approved and adopt the following resolutions:

1. The Council of Hantam Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1 The annual concept budget of the municipality for the financial year 2014/2015 and the multi-year and single-year capital appropriations set out in the following tables:
    - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification)
    - 1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)
    - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type)
    - 1.1.4 Multi-Year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
  - 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1 Budgeted Financial Position
    - 1.2.2 Budgeted Cash Flow
    - 1.2.3 Cash-Backed Reserves and accumulated surplus reconciliation
    - 1.2.4 Asset Management and
    - 1.2.5 Basic Service Delivery measurement
2. The Council of Hantam Local Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:

- 2.1. the tariffs for property rates – as set out in Annexure A
  - 2.2. the tariffs for electricity – as set out in Annexure B
  - 2.3. the tariffs for the supply of water – as set out in Annexure C
  - 2.4. The tariffs for sanitation services – as set out in Annexure D
  - 2.5. the tariffs for solid waste services – as set out in Annexure E
3. The Council of Hantam Local Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs for other services, as set out in Annexure F.
  4. To give proper effect to the municipality's annual budget, the Council of Hantam Municipality approves:
    - 4.1 That cash backing is implemented through the utilisation of a portion of the revenue from property rates to ensure that all capital reserves and provisions, unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

### **1.3. Executive Summary**

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality business and service delivery priorities were reviewed as part of this year's planning and budget process.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circular No.58, 66, 67 and 70 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;

- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- The new formula of the equitable share put a huge burden on the tariffs as the equitable share is the same as previous year and it reduces for the next years.

The following budget principles and guidelines directly informed the compilation of the annual budget for 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Draft Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- An upper limit of expenditure was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - Refreshments and entertainment
  - Subsistence and Travelling.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

**Table 1: Consolidated Overview of the 2014/2015 MTREF**

	<b>Adjustment Budget 2013/2014</b>	<b>Budget Year 2014/2015</b>	<b>Budget Year 2015/2016</b>	<b>Budget Year 2016/2017</b>
Total Operating Revenue	68 392 645	73 365 139	75 978 421	79 621 006
Total Operating Expenditure	74 860 421	79 313 431	82 776 076	88 845 475
	-6 467 776	-5 948 292	-6 797 655	-9 224 469
Contribution from surplus	6 512 392	6 332 587	6 332 587	6 332 587
Surplus/(Deficit) for the Year	<b>44 616</b>	<b>384 295</b>	<b>-465 068</b>	<b>-2 891 882</b>
Total Capital Expenditure	28 138 417	13 253 000	27 589 000	20 810 000

Total operating revenue has grown by 7.3 per cent or R4 972 494 from 2013/2014 to 2014/2015. The increase in the items will be explained in other tables in this document.

Total operating expenditure has grown by 5.95 per cent or R4 453 010 from 2013/2014 to 2014/2015.

## 1.4. Operating Revenue Framework

For the Hantam Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

**Table 2: Summary of Revenue Classified by main revenue source**

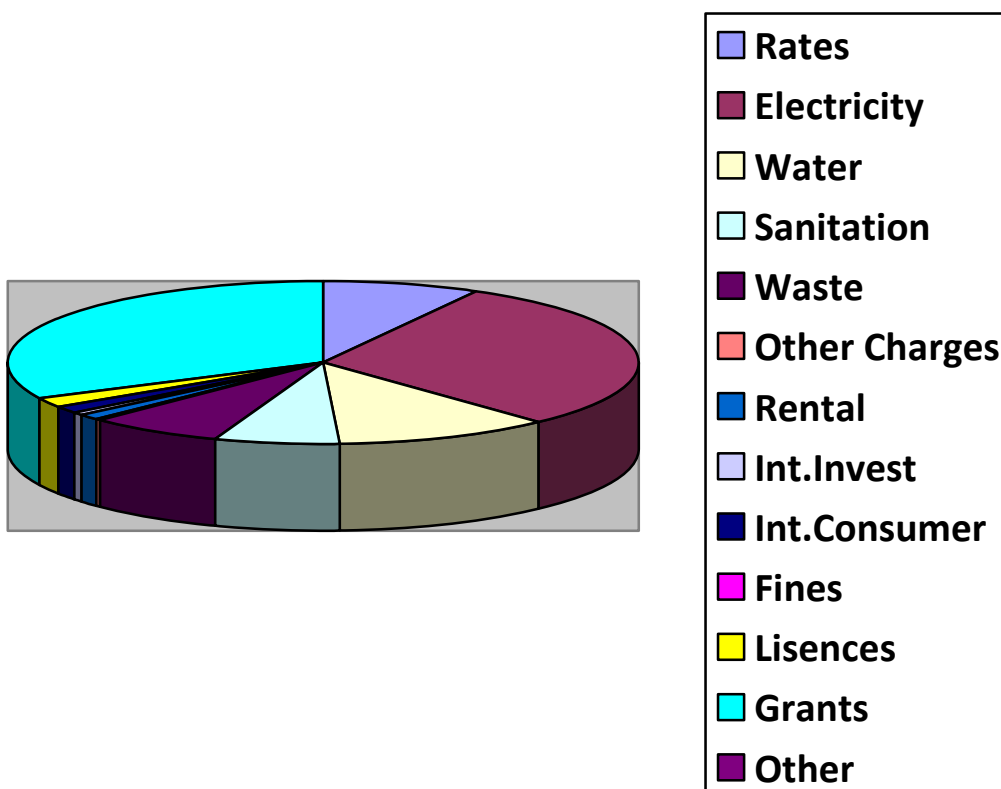
NC065 Hantam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	4 221	4 386	4 820	6 186	5 692	-	-	6 261	7 181	7 918
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	12 895	15 919	18 529	19 292	19 658	-	-	20 717	22 374	24 164
Service charges - water revenue	2	4 194	4 299	5 144	6 292	6 161	-	-	7 806	8 430	9 105
Service charges - sanitation revenue	2	4 642	4 782	2 856	3 179	4 635	-	-	4 502	4 817	5 154
Service charges - refuse revenue	2	-	-	2 904	4 159	4 297	-	-	4 741	5 073	5 428
Service charges - other		144	171	346	326	284			308	342	352
Rental of facilities and equipment		163	235	178	1 246	149			757	819	820
Interest earned - external investments		152	119	222	150	250			250	250	250
Interest earned - outstanding debtors		999	975	1 122	940	1 020			1 080	1 080	1 080
Dividends received											
Fines		79	72	76	81	47			48	51	51
Licences and permits		1 231	1 153	1 260	1 313	1 385			1 413	1 451	1 501
Agency services											
Transfers recognised - operational		17 870	19 795	23 816	24 411	24 411			25 167	24 092	23 779
Other revenue	2	261	524	1 301	379	6 916	-	-	6 647	6 350	6 351
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>46 851</b>	<b>52 428</b>	<b>62 573</b>	<b>67 953</b>	<b>74 905</b>	<b>-</b>	<b>-</b>	<b>79 698</b>	<b>82 311</b>	<b>85 954</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise more than half of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges totals to R44 335 569 and the funds receive from grants total to R25 167 000. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

See graphic below for the revenue contributions:



The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 3: Operating Transfers and Grant Receipts**

NC065 Hantam - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		17 630	19 406	22 314	23 852	23 852	23 852	25 608	25 033	23 220
Local Government Equitable Share										
Local Government Equitable Share		15 680	17 166	20 014	20 312	20 312	20 312	20 566	20 616	20 102
Finance Management		1 200	1 450	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement		750	790	800	890	890	890	934	967	1 018
EPWP Incentive					1 000	1 000	1 000	1 308		
Integrated National Electrification Programme								1 000	1 500	
Other transfers/grants [insert description]										
Provincial Government:		260	399	378	559	559	559	559	559	559
Sport and Recreation		260	399	378	559	559	559	559	559	559
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	17 890	19 805	22 692	24 411	24 411	24 411	26 167	25 592	23 779

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

### 1.1.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2008 and prescribe the rate ratio

for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). Due to the new valuations the platform is increased to R35 000.
- State department granted 20 per cent of the value of a property.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on the new valuation roll from 1 July 2013 is contained below:

**Table 1: Comparison of proposed rates to levied for the 2013/14 financial year**

Category	Current Tariff (1 July 2013)	Proposed tariff (from 1 July 2014)
	c	C
Residential properties	0.00884543	0.00972997
State owned properties	0.00884543	0.00972997
Business & Commercial	0.00884543	0.00972997
Agricultural	0.00058350	0.00064185
Vacant land	0.00884543	0.00972997
Municipal rateable	0	0
Industrial	0.00884543	0.00972997
Non-permitted use		
Public benefit organisation properties	0.00884543	0.00972997

### **Sale of Water and Impact of Tariff Increases**

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

A tariff increase of 10 per cent from 1 July 2014 for the basic levy for water is proposed and the water usage increase with 15 per cent.



A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 2 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2014/15
	Rand per kℓ	Rand per kℓ
Basic Fee	59.95	65.95
0 – 6kl (Indigents)	Free	Free
0 – 3KL	1.69	1.94
0 – 6KL	3.38	3.89
6 – 30KL	4.36	5.01
30 – 40KL	4.48	5.82
40 – 60KL	4.79	6.71
60kl and more	4.85	6.79

### **Sale of Electricity and Impact of Tariff Increases**

NERSA has announced the revised bulk electricity pricing structure of 11.03 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Our proposed tariff increase in the sale of electricity is 7.39 per cent. An application for the increase is forward to NERSA.

All indigents will receive 50 kWh free of charge.

CATEGORY	CURRENT TARIFFS 2013/2014	PROPOSED TARIFFS 2014/2015
Basic Fees 30 Ampere and Less	144.42	155.09
Basic Fees 30 – 40 Ampere	278.56	299.15
Up to 60 Ampere	339 .66	364.76
Households per KWH: 0 – 699	1.16	1.2858
Households per KWH: 700 plus	1.23	1.3652
Business per KWH: 0 -699	1.23	1.3653
Business per KWH: 700 plus	1.23	1.3653
<b>PRE-PAID ELECTRICITY</b>	1.15	1.3531

### Sanitation

A tariff increase of 10 per cent is proposed.

<b>CATEGORY</b>	<b>CURRENT TARIFFS 2013/2014</b>	<b>PROPOSED TARIFFS 2014/2015</b>
Monthly levy	100.00	110.00
Request for 2 <sup>nd</sup> pump	91.79	100.97
Linked to Sewerage System	52.25	57.48
Basic Sewerage System	8.69	9.56

### Solid Waste

A tariff increase of 10 per cent is proposed. Currently solid waste removal is operating at a deficit. The reason is that we split Sanitation and Solid Waste for the blue/green drop purposes and with the split certain challenges were experienced.

<b>CATEGORY</b>	<b>CURRENT TARIFFS 2013/2014</b>	<b>PROPOSED TARIFFS 2014/2015</b>
Tariff per month	71.72	78.90
Indigents	Free	Free

## Overall impact of tariff increases on households

NC065 Hantam - Supporting Table SA14 Household bills

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates				307.98	338.78	338.78			368.60		
Electricity: Basic levy				260.34	281.17	281.17			299.17		
Electricity: Consumption				601.56	649.68	649.68			721.14		
Water: Basic levy				56.77	59.95	59.95			65.95		
Water: Consumption				196.78	207.80	207.80			238.97		
Sanitation				92.84	108.48	108.48			110.00		
Refuse removal				66.41	71.72	71.72			78.90		
Other											
sub-total		-	-	1 582.68	1 717.58	1 717.58	-	9.6%	1 882.73	-	-
VAT on Services				178.46	179.03				215.08		
Total large household bill:		-	-	1 761.14	1 896.61	1 717.58	-	10.6%	2 097.81	-	-
% increase/decrease			-	-	7.7%	(9.4%)	(100.0%)		-	(100.0%)	-

## Overall impact of tariff increases on an Indigent household

<u>Monthly Account for Household - 'Indigent'</u>	3										
<u>Household receiving free basic services</u>											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy				56.77	59.95	59.95		#NAME?	65.95		
Water: Consumption				16.52	17.45	17.45		#NAME?	20.07		
Sanitation				64.28	69.42	69.42		#NAME?	76.36		
Refuse removal				66.41	71.72	71.72		#NAME?	78.90		
Other				(184.00)	(200.00)	(200.00)			(265.00)		
sub-total		-	-	19.98	18.54	18.54	-	(227.9%)	(23.72)	-	-
VAT on Services				28.56	30.60			#NAME?	33.78		
Total small household bill:		-	-	48.54	49.14	18.54	-	(79.5%)	10.06	-	-
% increase/decrease			-	-	1.2%	(62.3%)	(100.0%)		-	(100.0%)	-

## 1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programmes aligned to the asset renewal strategy and backlog eradication plan

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

**Table 13 Summary of operating expenditure by standard classification item**

NC065 Hantam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
<b>Expenditure By Type</b>											
Employee related costs	2	20 254	22 021	24 170	26 414	26 419	–	–	28 060	30 006	32 653
Remuneration of councillors		1 955	2 062	2 221	2 361	2 398			2 590	2 771	2 965
Debt impairment	3	4 354	2 171	966	3 474	2 914			4 778	4 609	4 741
Depreciation & asset impairment	2	4 722	4 639	5 276	4 513	4 513	–	–	4 484	5 156	5 156
Finance charges		759	1 157	1 250	549	1 265			1 528	641	648
Bulk purchases	2	8 985	11 761	13 462	15 281	17 630	–	–	18 956	20 472	22 109
Other materials	8		1 850	2 859	4 165	3 868			3 774	3 367	3 615
Contracted services		733	931	379	321	543	–	–	551	623	684
Transfers and grants		335	304	273	292	248	–	–	160	169	179
Other expenditure	4, 5	12 545	11 729	14 122	14 860	15 062	–	–	14 432	14 962	16 095
Loss on disposal of PPE											
<b>Total Expenditure</b>		54 642	58 626	64 977	72 230	74 860	–	–	79 313	82 776	88 845
<b>Surplus/(Deficit)</b>		(7 791)	(6 198)	(2 404)	(4 277)	45	–	–	384	(465)	(2 892)

The budgeted allocation for employee related costs for the 2014/2015 year totals R27 111 981 which equals 34.2 per cent of the total operating expenditure. Based on the three year agreement, salary increases have been factored into this budget at a percentage increase of 6.85 percent plus a notch increase of 2.5 per cent. Employees who are already on the top notch will only receive the 6.85 per cent increase.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The provision of debt impairment was determined based on an annual collection rate of 85 % per cent and the Debt Write-off Policy of the municipality.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

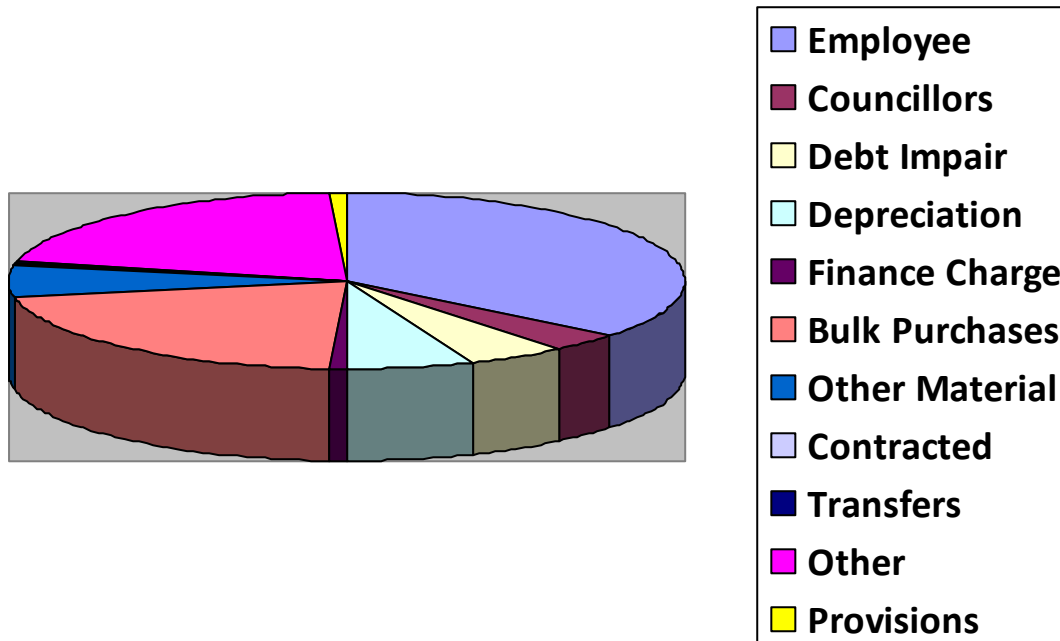
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and the interest for the rehabilitation of landfill sites and GRAP compliance in connection with long-service and post-retirement.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.



**Repairs and Maintenance**

The following table presents the repairs and maintenance per asset class

NC065 Hantam - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand											
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	2 014	–	1 531	2 170	2 352	–	2 184	1 956	2 078	
Infrastructure - Road transport		257	–	131	369	680	–	510	340	400	
Roads, Pavements & Bridges		257		131	369	680		510	340	400	
Storm water											
Infrastructure - Electricity		648	–	446	681	730	–	730	741	766	
Generation											
Transmission & Reticulation		648		446	681	730		730	741	766	
Street Lighting											
Infrastructure - Water		435	–	364	563	850	–	850	775	805	
Dams & Reservoirs											
Water purification											
Reticulation		435		364	563	850		850	775	805	
Infrastructure - Sanitation		674	–	368	428	75	–	76	83	88	
Reticulation		674		368	428	75		76	83	88	
Sewerage purification											
Infrastructure - Other		–	–	221	129	17	–	19	18	19	
Waste Management				221	129	17		19	18	19	
Transportation											
Gas											
Other											
Community		3	1 180	–	858	1 218	867	–	921	697	747
Parks & gardens		7	2		28	27	246		241	92	102
Sportsfields & stadia			200		192	170	117		117	107	107
Swimming pools			14		15	17	25		30	40	40
Community halls			406		88	437	215		218	251	285
Libraries			165		85	241	56		56	76	76
Recreational facilities			31		1	7					
Fire, safety & emergency			1		1	7	7		7	7	7
Security and policing											
Buses											
Clinics											
Museums & Art Galleries											
Cemeteries	24			26	17	86		86	23	24	
Social rental housing											
Other	8		337		423	294	117		167	102	107
Heritage assets	9		–	–	–	–	–	–	–	–	–
Buildings											
Other											
Investment properties	10	–	–	–	–	–	–	–	–	–	
Housing development											
Other											
Other assets	10	1 528	–	913	1 113	649	–	669	714	790	
General vehicles		556		202	681						
Specialised vehicles		–	–	–	–	–	–	–	–	–	
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment		972		712	432	649		669	714	790	
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
Agricultural assets		10	–	–	–	–	–	–	–	–	–
List sub-class											
Biological assets	10	–	–	–	–	–	–	–	–	–	
List sub-class											
Intangibles	10	–	–	–	–	–	–	–	–	–	
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1	4 722	–	3 302	4 501	3 868	–	3 774	3 367	3 615	
Specialised vehicles											
Refuse		–	–	–	–	–	–	–	–	–	
Fire											
Conservancy											
Ambulances											
R&M as a % of PPE		7.4%	0.0%	4.1%	4.2%	3.2%	0.0%	2.9%	2.2%	2.2%	
R&M as % Operating Expenditure		8.6%	0.0%	5.1%	6.2%	5.2%	0.0%	4.8%	4.1%	4.1%	

## 1.6 Capital Expenditure

The following table provides a breakdown of budgeted capital expenditure by vote

NC065 Hantam - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Executive and Council		-	-	-				
Vote 2 - Budget and Treasury Office		-	-	-				
Vote 3 - Corporate Services		-	-	-				
Vote 4 - Community and Social Services		-	-	-				
Vote 5 - Sport and Recreation		-	-	-				
Vote 6 - Public Safety		-	-	-				
Vote 7 - Planning and Development		-	-	-				
Vote 8 - Road Transport		-	-	-				
Vote 9 - Environmental Health		-	-	-				
Vote 10 - Electricity		1 000	1 500	-				
Vote 11 - Water		800	16 500	11 000				
Vote 12 - Waste Water Management		9 953	9 589	9 810				
Vote 13 - Solid Waste		-	-	-				
Vote 14 - Other		1 500	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		13 253	27 589	20 810	-	-	-	-

See annexure for detail capital programme



## 1.7 Annual Budget Tables

## Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

NC065 Hantam - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
<b>Financial Performance</b>										
Property rates	4 221	4 386	4 820	6 186	5 692	–	–	6 261	7 181	7 918
Service charges	21 876	25 171	29 778	33 248	35 035	–	–	38 074	41 036	44 204
Investment revenue	152	119	222	150	250	–	–	250	250	250
Transfers recognised - operational	17 870	19 795	23 816	24 411	24 411	–	–	25 167	24 092	23 779
Other own revenue	2 733	2 958	3 937	3 958	9 517	–	–	9 945	9 752	9 803
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>46 851</b>	<b>52 428</b>	<b>62 573</b>	<b>67 953</b>	<b>74 905</b>	<b>–</b>	<b>–</b>	<b>79 698</b>	<b>82 311</b>	<b>85 954</b>
Employee costs	20 254	22 021	24 170	26 414	26 419	–	–	28 060	30 006	32 653
Remuneration of councillors	1 955	2 062	2 221	2 361	2 398	–	–	2 590	2 771	2 965
Depreciation & asset impairment	4 722	4 639	5 276	4 513	4 513	–	–	4 484	5 156	5 156
Finance charges	759	1 157	1 250	549	1 265	–	–	1 528	641	648
Materials and bulk purchases	8 985	13 611	16 321	19 446	21 498	–	–	22 730	23 839	25 724
Transfers and grants	335	304	273	292	248	–	–	160	169	179
Other expenditure	17 632	14 832	15 466	18 655	18 519	–	–	19 761	20 194	21 521
<b>Total Expenditure</b>	<b>54 642</b>	<b>58 626</b>	<b>64 977</b>	<b>72 230</b>	<b>74 860</b>	<b>–</b>	<b>–</b>	<b>79 313</b>	<b>82 776</b>	<b>88 845</b>
<b>Surplus/(Deficit)</b>	<b>(7 791)</b>	<b>(6 198)</b>	<b>(2 404)</b>	<b>(4 277)</b>	<b>45</b>	<b>–</b>	<b>–</b>	<b>384</b>	<b>(465)</b>	<b>(2 892)</b>
Transfers recognised - capital	5 817	13 805	12 338	12 098	12 098	–	–	11 753	27 589	20 810
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(1 974)</b>	<b>7 607</b>	<b>9 933</b>	<b>7 821</b>	<b>12 143</b>	<b>–</b>	<b>–</b>	<b>12 137</b>	<b>27 124</b>	<b>17 918</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>(1 974)</b>	<b>7 607</b>	<b>9 933</b>	<b>7 821</b>	<b>12 143</b>	<b>–</b>	<b>–</b>	<b>12 137</b>	<b>27 124</b>	<b>17 918</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	6 473	12 600	15 828	23 544	28 138	–	–	13 253	27 589	20 810
Transfers recognised - capital	5 777	12 515	14 743	21 486	25 908	–	–	11 753	27 589	20 810
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	1 500	1 500	–	–	1 500	–	–
Internally generated funds	696	85	1 085	558	730	–	–	–	–	–
<b>Total sources of capital funds</b>	<b>6 473</b>	<b>12 600</b>	<b>15 828</b>	<b>23 544</b>	<b>28 138</b>	<b>–</b>	<b>–</b>	<b>13 253</b>	<b>27 589</b>	<b>20 810</b>
<b>Financial position</b>										
Total current assets	20 537	12 977	17 912	15 159	14 909	–	–	16 919	18 945	19 893
Total non current assets	76 106	94 105	93 042	120 546	120 643	–	–	129 758	150 614	166 269
Total current liabilities	21 226	14 868	1 831	1 516	10 158	–	–	4 233	4 233	4 806
Total non current liabilities	12 437	13 253	9 643	19 546	18 037	–	–	20 770	18 943	19 153
Community wealth/Equity	62 981	78 962	99 479	114 642	107 356	–	–	121 673	146 382	162 202
<b>Cash flows</b>										
Net cash from (used) operating	9 977	7 648	17 136	21 427	19 199	–	–	12 900	29 564	20 427
Net cash from (used) investing	(7 182)	(14 706)	(15 828)	(21 484)	(25 440)	–	–	(13 253)	(27 589)	(20 810)
Net cash from (used) financing	(573)	(554)	(482)	759	1 042	–	–	559	(758)	(350)
Cash/cash equivalents at the year end	2 222	(5 390)	(4 564)	(458)	(717)	–	4 482	(511)	706	(26)
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	9 319	1 707	4 167	(990)	(209)	–	–	(3)	1 214	481
Application of cash and investments	4 214	(2 418)	(11 247)	(12 907)	(4 391)	–	–	(11 831)	(13 426)	(14 843)
Balance - surplus (shortfall)	5 105	4 124	15 414	11 917	4 181	–	–	11 828	14 640	15 324
<b>Asset management</b>										
Asset register summary (WDV)	18 573	40 470	27 928	12 167	–	–	–	–	–	–
Depreciation & asset impairment	4 722	4 639	5 276	4 513	4 513	–	4 484	4 484	5 156	5 156
Renewal of Existing Assets	–	1 939	2 876	4 105	–	–	–	–	–	–
Repairs and Maintenance	4 722	–	3 302	4 501	3 868	–	3 774	3 774	3 367	3 615
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	9 785	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

### **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the municipalities budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget

NC065 Hantam - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		15 061	19 554	36 742	23 062	28 435	-	30 748	25 336	25 978
Executive and council		8 262	11 066	16 980	1 569	1 452	-	1 671	1 745	1 823
Budget and treasury office		6 512	8 249	7 501	20 275	8 632	-	9 425	10 528	11 466
Corporate services		288	239	12 261	1 218	18 351	-	19 652	13 063	12 689
<i>Community and public safety</i>		2 461	1 727	728	1 147	982	-	1 000	714	715
Community and social services		1 867	1 415	405	703	650	-	651	581	581
Sport and recreation		86	98	164	316	332	-	349	134	134
Public safety		-	12	-	122	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		508	201	159	6	-	-	-	-	-
<i>Economic and environmental services</i>		1 370	4 122	3 004	1 791	1 763	-	1 678	1 532	1 583
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 370	4 122	3 004	1 755	1 741	-	1 653	1 495	1 545
Environmental protection		-	-	-	36	22	-	25	37	38
<i>Trading services</i>		33 775	40 830	37 767	41 954	43 724	-	46 271	48 396	51 345
Electricity		15 612	20 077	20 923	22 935	23 375	-	24 463	26 022	27 726
Water		7 408	10 291	7 679	8 012	7 921	-	10 270	10 803	11 408
Waste water management		10 756	10 462	5 428	5 191	4 641	-	4 566	4 879	5 214
Waste management		-	-	3 737	5 816	7 788	-	6 971	6 692	6 997
Other	4	-	-	11	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	52 668	66 233	78 251	67 953	74 905	-	79 698	75 978	79 621
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		18 625	21 071	17 735	22 098	21 401	-	20 812	21 202	22 845
Executive and council		8 609	10 298	7 024	9 496	8 168	-	7 743	6 870	7 332
Budget and treasury office		6 704	7 530	7 796	9 048	6 706	-	6 806	7 546	8 160
Corporate services		3 312	3 243	2 915	3 554	6 528	-	6 263	6 786	7 352
<i>Community and public safety</i>		2 533	2 193	1 820	3 366	3 467	-	3 452	3 458	3 652
Community and social services		1 553	1 541	1 512	2 286	2 263	-	2 250	2 330	2 456
Sport and recreation		774	472	102	892	1 122	-	1 127	1 038	1 100
Public safety		29	31	62	68	82	-	76	90	96
Housing		-	-	-	-	-	-	-	-	-
Health		176	150	144	120	-	-	-	-	-
<i>Economic and environmental services</i>		5 427	5 664	4 428	6 424	6 363	-	6 544	6 889	7 468
Planning and development		318	318	360	401	400	-	433	471	513
Road transport		5 109	5 346	4 068	5 983	5 779	-	5 930	6 218	6 739
Environmental protection		-	-	-	40	184	-	180	200	215
<i>Trading services</i>		27 977	28 914	31 151	39 372	42 744	-	47 736	50 371	54 044
Electricity		14 981	15 811	18 383	22 432	24 666	-	26 519	28 474	30 591
Water		5 829	5 506	5 409	7 293	7 708	-	8 823	9 320	9 920
Waste water management		7 167	7 596	7 359	7 396	3 776	-	3 955	4 653	4 973
Waste management		-	-	-	2 251	6 595	-	8 439	7 925	8 561
Other	4	81	82	5	970	885	-	770	856	836
<b>Total Expenditure - Standard</b>	3	54 642	57 924	55 139	72 230	74 860	-	79 313	82 776	88 845
<b>Surplus/(Deficit) for the year</b>		(1 974)	8 309	23 112	(4 277)	45	-	384	(6 798)	(9 224)

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

NC065 Hantam - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote		1									
Vote 1 - Executive and Council			628	616	1 152	1 569	1 452	-	1 671	1 745	1 823
Vote 2 - Budget and Treasury Office			6 512	8 249	7 501	9 046	8 632	-	9 425	10 528	11 466
Vote 3 - Corporate Services			7 921	10 689	12 261	12 447	18 351	-	19 652	13 063	12 689
Vote 4 - Community and Social Services			1 867	1 415	405	653	650	-	651	581	581
Vote 5 - Sport and Recreation			86	98	164	315	332	-	349	134	134
Vote 6 - Public Safety			-	12	-	-	-	-	-	-	-
Vote 7 - Planning and Development			-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport			1 370	4 122	3 004	1 755	1 741	-	1 653	1 495	1 545
Vote 9 - Environmental Health			508	201	32	36	22	-	25	37	38
Vote 10 - Electricity			15 612	20 077	20 991	23 057	23 375	-	24 463	26 022	27 726
Vote 11 - Water			7 408	10 291	7 730	8 063	7 921	-	10 270	10 803	11 408
Vote 12 - Waste Water Management			10 756	10 462	5 430	5 194	4 641	-	4 566	4 879	5 214
Vote 13 - Solid Waste			-	-	3 742	5 820	7 788	-	6 971	6 692	6 997
Vote 14 - Other			-	-	11	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Revenue by Vote		2	52 668	66 233	62 423	67 953	74 905	-	79 698	75 978	79 621
Expenditure by Vote to be appropriated		1									
Vote 1 - Executive and Council			6 036	6 335	7 032	7 433	8 168	-	7 743	6 870	7 332
Vote 2 - Budget and Treasury Office			5 823	6 690	6 954	6 779	6 706	-	6 806	7 546	8 160
Vote 3 - Corporate Services			4 678	4 641	5 801	5 802	6 528	-	6 263	6 786	7 352
Vote 4 - Community and Social Services			1 553	1 805	1 883	2 286	2 263	-	2 250	2 330	2 456
Vote 5 - Sport and Recreation			774	557	779	1 230	1 122	-	1 127	1 038	1 100
Vote 6 - Public Safety			29	37	71	68	82	-	76	90	96
Vote 7 - Planning and Development			318	335	360	401	400	-	433	471	513
Vote 8 - Road Transport			5 109	5 528	6 602	5 983	5 779	-	5 930	6 218	6 739
Vote 9 - Environmental Health			176	150	187	160	184	-	180	200	215
Vote 10 - Electricity			15 448	16 808	20 491	22 953	24 666	-	26 519	28 474	30 591
Vote 11 - Water			6 295	6 632	7 209	7 814	7 708	-	8 823	9 320	9 920
Vote 12 - Waste Water Management			7 633	8 234	5 321	4 336	3 776	-	3 955	4 653	4 973
Vote 13 - Solid Waste			-	-	3 943	6 015	6 595	-	8 439	7 925	8 561
Vote 14 - Other			770	874	419	970	885	-	770	856	836
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		2	54 642	58 626	67 051	72 230	74 860	-	79 313	82 776	88 845
Surplus/(Deficit) for the year		2	(1 974)	7 607	(4 628)	(4 277)	45	-	384	(6 798)	(9 224)

## Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.
- Please find hereunder some of the important changes in the budget for the 2014/2015 year.

### 2.1 Executive and Council

- Councillor's remuneration are increase with 8 per cent, but the actual remuneration are determine by the Office Bearer's Act and the allowances are gazette before implementation.
- As the Council had decided to resign from SALGA no provision are made for the membership fees.
- Only R80 000 are budget for the special programme of the mayor to cater for the commitment for the "Vryheidspark". No provision for sport and bursaries are made.

### 2.2. Budget and Treasury Office

- R1 800 000 and R934 000 are allocated in the DoRA for Financial Management capacity building and Systems Improvement Grant respectively. See business plans

for these grants. We want to use the MSIG Grant to purchase a LDV which can be used for credit control and other purposes in the financial department.

2.3. Cemeteries

- R72 500 are budget for job creation to clean cemeteries

2.4. Nature Reserve

- R177 500 are budget for job creation. Mainly for patrolling the nature reserve to stop stealing the fences.

2.5. Sport Grounds

- R50 000 are budget for sport grounds for cleaning and repair of the fences.

2.6. Aerodrome

- R100 000 are budget for the repair of the runway.

2.7. Roads

- R220 000 are budget for material to maintain the roads in the urban area and R200 000 for job creation.

2.8. Water

- For maintenance of the water network R500 000 are budgeted and R250 000 for equipment and pumps. For job creation R100 000 are budget for.

2.9. Electricity

- Bulk purchases increased from R17 533 950 to R18 950 000.
- R730 000 are budget for repair and maintenance which includes R100 000 for job creation.

2.10 Library Services

- Library Services is one of the underfunded mandates in the budget of the council as the service have a deficit of R1 514 186. A letter has been dispatch to the Dept. Arts and Culture to inform them that we cannot afford this loss and that they must refund the deficit or supply the service to the community.
- We budget for R559 000 for the grant that we will received as at this stage we do not receive any correspondence from the provincial departments.

2.11. Waste Removal

- R563 000 are budget for the “food for waste’ programme and R200 000 for job creation.

## 2.12. Traffic Services

- This service is the other underfunded mandate which make a deficit of R944 971 and the council only receive 12 per cent fee from the department. The 12 per cent do not cover the employee costs. We also send a letter to the Dept. of Transport, but no response to date.

NC065 Hantam - Table A4 Budgeted Financial Performance (revenue and expenditure)

VC003 Hanam - Table A4 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	4 221	4 386	4 820	6 186	5 692	-	-	6 261	7 181	7 918
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	12 895	15 919	18 529	19 292	19 658	-	-	20 717	22 374	24 164
Service charges - water revenue	2	4 194	4 299	5 144	6 292	6 161	-	-	7 806	8 430	9 105
Service charges - sanitation revenue	2	4 642	4 782	2 856	3 179	4 635	-	-	4 502	4 817	5 154
Service charges - refuse revenue	2	-	-	2 904	4 159	4 297	-	-	4 741	5 073	5 428
Service charges - other		144	171	346	326	284			308	342	352
Rental of facilities and equipment		163	235	178	1 246	149			757	819	820
Interest earned - external investments		152	119	222	150	250			250	250	250
Interest earned - outstanding debtors		999	975	1 122	940	1 020			1 080	1 080	1 080
Dividends received											
Fines		79	72	76	81	47			48	51	51
Licences and permits		1 231	1 153	1 260	1 313	1 385			1 413	1 451	1 501
Agency services											
Transfers recognised - operational		17 870	19 795	23 816	24 411	24 411			25 167	24 092	23 779
Other revenue	2	261	524	1 301	379	6 916	-	-	6 647	6 350	6 351
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		46 851	52 428	62 573	67 953	74 905	-	-	79 698	82 311	85 954
<b>Expenditure By Type</b>											
Employee related costs	2	20 254	22 021	24 170	26 414	26 419	-	-	28 060	30 006	32 653
Remuneration of councillors		1 955	2 062	2 221	2 361	2 398			2 590	2 771	2 965
Debt impairment	3	4 354	2 171	966	3 474	2 914			4 778	4 609	4 741
Depreciation & asset impairment	2	4 722	4 639	5 276	4 513	4 513	-	-	4 484	5 156	5 156
Finance charges		759	1 157	1 250	549	1 265			1 528	641	648
Bulk purchases	2	8 985	11 761	13 462	15 281	17 630	-	-	18 956	20 472	22 109
Other materials	8		1 850	2 859	4 165	3 868			3 774	3 367	3 615
Contracted services		733	931	379	321	543	-	-	551	623	684
Transfers and grants		335	304	273	292	248	-	-	160	169	179
Other expenditure	4, 5	12 545	11 729	14 122	14 860	15 062	-	-	14 432	14 962	16 095
Loss on disposal of PPE											
Total Expenditure		54 642	58 626	64 977	72 230	74 860	-	-	79 313	82 776	88 845
Surplus/(Deficit)		(7 791)	(6 198)	(2 404)	(4 277)	45	-	-	384	(465)	(2 892)
Transfers recognised - capital		5 817	13 805	12 338	12 098	12 098			11 753	27 589	20 810
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(1 974)	7 607	9 933	7 821	12 143	-	-	12 137	27 124	17 918
Taxation											
Surplus/(Deficit) after taxation		(1 974)	7 607	9 933	7 821	12 143	-	-	12 137	27 124	17 918
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(1 974)	7 607	9 933	7 821	12 143	-	-	12 137	27 124	17 918
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(1 974)	7 607	9 933	7 821	12 143	-	-	12 137	27 124	17 918

### Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R67 954 448 in 2013/14 and increase to R73 365 139 by 2014/15.
2. Revenue to be generated from property rates is R6 261 349 in the 2014/15 financial year. It remains relatively constant over the medium-term and tariff increases have been factored 10 per cent.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality. This growth can mainly be attributed to the increase in the bulk prices of electricity.

4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are decreasing rapidly over the MTREF. The municipality is grant dependent and is it important to increase the equitable share every year.

**Figure 1 Expenditure by major type**

5. Bulk purchases have significantly increased over the 2010/11 to 2016/17 period. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

NC065 Hantam - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure, to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental Health		-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 11 - Water		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - Solid Waste		-	-	-	-	-	-	-	-	-	-
Vote 14 - Other		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure, to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	97	-	-	30	100	30	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	50	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport	351	-	-	4 042	5 000	5 000	-	-	-	-	-
Vote 9 - Environmental Health		-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		-	-	2 450	1 728	1 728	-	-	1 000	1 500	-
Vote 11 - Water	1 537	-	-	8 886	2 003	3 246	-	-	800	16 500	11 000
Vote 12 - Waste Water Management	3 762	-	-	-	11 111	16 434	-	-	9 953	9 589	9 810
Vote 13 - Solid Waste		-	-	-	-	-	-	-	-	-	-
Vote 14 - Other	726	-	-	370	3 602	1 700	-	-	1 500	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		6 473	-	15 828	23 544	28 138	-	-	13 253	27 589	20 810
Total Capital Expenditure - Vote		6 473	-	15 828	23 544	28 138	-	-	13 253	27 589	20 810
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		151	19	30	100	30	-	-	-	-	-
Executive and council											
Budget and treasury office			19								
Corporate services	151			30	100	30					
<b>Community and public safety</b>	160	2 843	50	-	-	-	-	-	-	-	-
Community and social services		44									
Sport and recreation		2 799	50								
Public safety	160										
Housing											
Health											
<b>Economic and environmental services</b>	481	-	4 042	5 000	5 000	-	-	-	-	-	-
Planning and development											
Road transport	481		4 042	5 000	5 000						
Environmental protection											
<b>Trading services</b>	5 680	9 737	11 336	14 842	21 408	-	-	11 753	27 589	20 810	
Electricity	310	1 465	2 450	1 728	1 728			1 000	1 500		
Water	1 608	4 693	8 886	2 003	3 246			800	16 500	11 000	
Waste water management	3 762	3 579		11 111	16 434			9 953	9 589	9 810	
Waste management											
Other	-		370	3 602	1 700			1 500			
Total Capital Expenditure - Standard	3	6 473	12 600	15 828	23 544	28 138	-	-	13 253	27 589	20 810
<b>Funded by:</b>											
National Government		5 529	12 515	12 743	13 498	13 326			11 753	27 589	20 810
Provincial Government											
District Municipality		247									
Other transfers and grants				2 000	7 988	12 582					
Transfers recognised - capital	4	5 777	12 515	14 743	21 486	25 908	-	-	11 753	27 589	20 810
Public contributions & donations	5										
Borrowing	6				1 500	1 500			1 500		
Internally generated funds		696	85	1 085	558	730					
Total Capital Funding	7	6 473	12 600	15 828	23 544	28 138	-	-	13 253	27 589	20 810

## Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.



NC065 Hantam - Table A6 Budgeted Financial Position

Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS												
Current assets												
Cash			9 319	1 707	917						706	
Call investment deposits		1	–	–	3 250	–	507	–	–	507	507	507
Consumer debtors		1	9 678	9 566	10 901	10 868	12 688	–	–	14 698	16 018	17 673
Other debtors			1 201	933	2 493	3 912	1 672			1 672	1 672	1 672
Current portion of long-term receivables				441								
Inventory		2	339	329	350	379	41			41	41	41
Total current assets			20 537	12 977	17 912	15 159	14 909	–	–	16 919	18 945	19 893
Non current assets												
Long-term receivables												
Investments												
Investment property			12 100	12 100	12 100	12 100						
Investment in Associate												
Property, plant and equipment		3	64 006	80 273	80 942	108 378	120 643	–	–	129 758	150 614	166 269
Agricultural												
Biological				68		68						
Intangible												
Other non-current assets				1 665								
Total non current assets			76 106	94 105	93 042	120 546	120 643	–	–	129 758	150 614	166 269
TOTAL ASSETS			96 643	107 082	110 953	135 705	135 552	–	–	146 676	169 559	186 162
LIABILITIES												
Current liabilities												
Bank overdraft		1				990	717			511		26
Borrowing		4	623	653	–	–	–	–	–	–	–	–
Consumer deposits			448	483	461	527	573			593	619	646
Trade and other payables		4	15 435	8 894	–	–	6 489	–	–	300	300	300
Provisions			4 719	4 838	1 370		2 379			2 829	3 314	3 834
Total current liabilities			21 226	14 868	1 831	1 516	10 158	–	–	4 233	4 233	4 806
Non current liabilities												
Borrowing			2 179	1 561	1 790	1 184	2 549	–	–	3 433	1 072	695
Provisions			10 258	11 691	7 853	18 362	15 489	–	–	17 337	17 871	18 458
Total non current liabilities			12 437	13 253	9 643	19 546	18 037	–	–	20 770	18 943	19 153
TOTAL LIABILITIES			33 662	28 120	11 474	21 062	28 195	–	–	25 003	23 176	23 960
NET ASSETS			62 981	78 962	99 479	114 642	107 356	–	–	121 673	146 382	162 202
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			43 586	59 567	80 084	95 247	89 810			104 127	128 836	144 655
Reserves		4	19 395	19 395	19 395	19 395	17 546	–	–	17 546	17 546	17 546
Minorities' interests												
TOTAL COMMUNITY WEALTH/EQUITY			62 981	78 962	99 479	114 642	107 356	–	–	121 673	146 382	162 202

### Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non current;
  - Changes in net assets; and
  - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate

assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

NC065 Hantam - Table A7 Budgeted Cash Flows

WC065 Hantail - Table A7 Budgeted Cash Flows											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		29 735	35 030	32 358	37 894	38 066			40 223	44 978	48 475
Government - operating	1	17 870	19 795	23 692	24 411	24 411			25 167	24 092	23 779
Government - capital	1	5 817	12 018	14 743	20 086	24 680			11 753	27 589	20 810
Interest		152	119	150	150	250			1 146	1 146	1 146
Dividends											
Payments											
Suppliers and employees		(43 104)	(57 853)	(53 435)	(60 815)	(67 871)			(36 400)	(37 453)	(40 379)
Finance charges		(158)	(1 157)	(85)	(148)	(148)			(28 811)	(30 678)	(33 343)
Transfers and Grants	1	(335)	(304)	(287)	(150)	(188)			(178)	(110)	(61)
NET CASH FROM/(USED) OPERATING ACTIVITIES		9 977	7 648	17 136	21 427	19 199	-	-	12 900	29 564	20 427
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables			(2 106)								
Decrease (increase) in non-current investments		(710)									
Payments											
Capital assets		(6 473)	(12 600)	(15 828)	(21 484)	(25 440)			(13 253)	(27 589)	(20 810)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(7 182)	(14 706)	(15 828)	(21 484)	(25 440)	-	-	(13 253)	(27 589)	(20 810)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing					1 500	1 500			1 500		
Increase (decrease) in consumer deposits		26	34	20	24	70			20	26	27
Payments											
Repayment of borrowing		(599)	(588)	(502)	(765)	(528)			(961)	(784)	(377)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(573)	(554)	(482)	759	1 042	-	-	559	(758)	(350)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	2 222	(7 612)	826	702	(5 199)	-	-	206	1 217	(733)
Cash/cash equivalents at the year end:	2	2 222	(5 390)	(4 564)	(458)	(717)	-	4 482	(511)	706	(26)

NC065 Hantam - Table A8 Cash backed reserves/accumulated surplus reconciliation

WC003 Namam - Table A0 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	2 222	(5 390)	(4 564)	(458)	(717)	-	4 482	(511)	706	(26)
Other current investments > 90 days		7 097	7 097	8 732	(532)	507	-	(4 482)	507	507	507
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		9 319	1 707	4 167	(990)	(209)	-	-	(3)	1 214	481
<b>Application of cash and investments</b>											
Unspent conditional transfers		6 388	1 369	-	-	1 724	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(2 174)	(3 786)	(11 247)	(12 907)	(6 115)	-	-	(11 831)	(13 426)	(14 843)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		4 214	(2 418)	(11 247)	(12 907)	(4 391)	-	-	(11 831)	(13 426)	(14 843)
Surplus/(shortfall)		5 105	4 124	15 414	11 917	4 181	-	-	11 828	14 640	15 324

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

NC065 Hantam - Table A9 Asset Management

NC005 Haitian - Table A9 Asset Management										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<u>Total New Assets</u>	1	-	-	-	15,828	17,142	17,142	23,544	9,953	26,205
Infrastructure - Road transport		-	-	-	4,042	4,042	4,042	5,000	-	-
Infrastructure - Electricity		-	-	-	2,450	2,626	2,626	1,728	-	-
Infrastructure - Water		-	-	-	8,886	9,186	9,186	2,003	-	16,500
Infrastructure - Sanitation		-	-	-	-	1,127	1,127	11,111	9,953	9,705
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	15,378	16,981	16,981	19,842	9,953	26,205
Community		-	-	-	50	31	31	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	400	130	130	3,702	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	4,042	4,042	4,042	5,000	-	-
Infrastructure - Electricity		-	-	-	2,450	2,626	2,626	1,728	-	-
Infrastructure - Water		-	-	-	8,886	9,186	9,186	2,003	-	16,500
Infrastructure - Sanitation		-	-	-	-	1,127	1,127	11,111	9,953	9,705
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	15,378	16,981	16,981	19,842	9,953	26,205
Community		-	-	-	50	31	31	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	400	130	130	3,702	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	15,828	17,142	17,142	23,544	9,953	26,205
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		-	12,100	12,100	12,100	12,100	12,100	12,100	12,100	12,100
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	68	-	-	-	68	68	68
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	12,100	12,167	12,100	12,100	12,100	12,167	12,167	12,167
EXPENDITURE OTHER ITEMS										
<u>Depreciation &amp; asset impairment</u>	3	-	4,722	4,639	4,090	4,510	4,510	4,513	4,520	4,520
<u>Repairs and Maintenance by Asset Class</u>		-	-	-	2,731	3,623	3,623	4,165	3,558	3,771
Infrastructure - Road transport		-	-	-	500	1,030	1,030	830	585	640
Infrastructure - Electricity		-	-	-	570	655	655	790	734	760
Infrastructure - Water		-	-	-	424	780	780	850	770	805
Infrastructure - Sanitation		-	-	-	63	105	105	125	129	132
Infrastructure - Other		-	-	-	16	14	14	15	15	15
Infrastructure		-	-	-	1,573	2,584	2,584	2,670	2,232	2,357
Community		-	-	-	417	382	382	988	705	735
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	741	657	657	567	622	685
TOTAL EXPENDITURE OTHER ITEMS		-	4,722	4,639	6,821	8,133	8,133	8,679	8,078	8,291
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	3.4%	4.4%	4.4%	3.8%	3.0%	2.7%
Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	23.0%	30.0%	30.0%	34.0%	29.0%	31.0%

## Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

## Part 2 – Supporting Documentation

### Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August ) a time schedule that sets out the process to revise the IDP and prepare the budget.

### IDP and Service Delivery and Budget Implementation Plan

The municipalities IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;

- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

### **Financial Modeling and Key Planning Drivers**

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51,54,67 and 70 has been taken into consideration in the planning and prioritisation process.

### **Community Consultation**

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

### **Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide

vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIS);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

**Table 3 IDP Strategic Objectives**

<b>2013/2014 Financial Year</b>	<b>2014/15 MTREF</b>
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide roads and storm water;
  - Maintaining the infrastructure of the municipality.

### 3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
- 4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing the municipality in the revenue management strategy.
- 5.1 Promote sound governance through:
  - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
  - Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
  - Review of the organizational structure to optimize the use of personnel;



The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure. Table 4MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC065 Hantam - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

INC065 Hantam - Supporting Table SA4 Reconciliation of IDP Strategic Objectives and Budget (Revenue)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Municipal Transformation and Organisational Development	An effective Corporate System and Performance Management	1		7 921	10 689	12 261	12 447			13 319	13 063	12 689
Infrastructure Development and Sustainable Service Delivery	Provision of good quality water, electricity, sanitation and refuse removal services and maintaining the roads infrastructure			33 818	43 703	39 333	42 254			46 271	48 396	51 345
Local Economical Development	Ensuring labour intensive projects in delivering services and maintaining infrastructure and services											
Effective and sound financial viability	Effective utilisation of revenue to promote sound financial stability			6 512	8 249	7 501	9 046			9 425	10 528	11 466
Healthy communities	Maintain recreational facilities			86	98	164	315			349	134	134
	Maintain all community facilities			1 867	1 415	405	653			677	618	619
	Safety			1 836	1 462	1 480	1 491			1 653	1 495	1 545
Good Governance	Maintain a system of public participation and an effective transparent public administration			628	616	1 152	1 569			1 671	1 745	1 823
Allocations to other priorities				2								
Total Revenue (excluding capital transfers and contributions)			1	52 668	66 233	62 297	67 773	-	-	73 365	75 978	79 621

NC065 Hantam - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

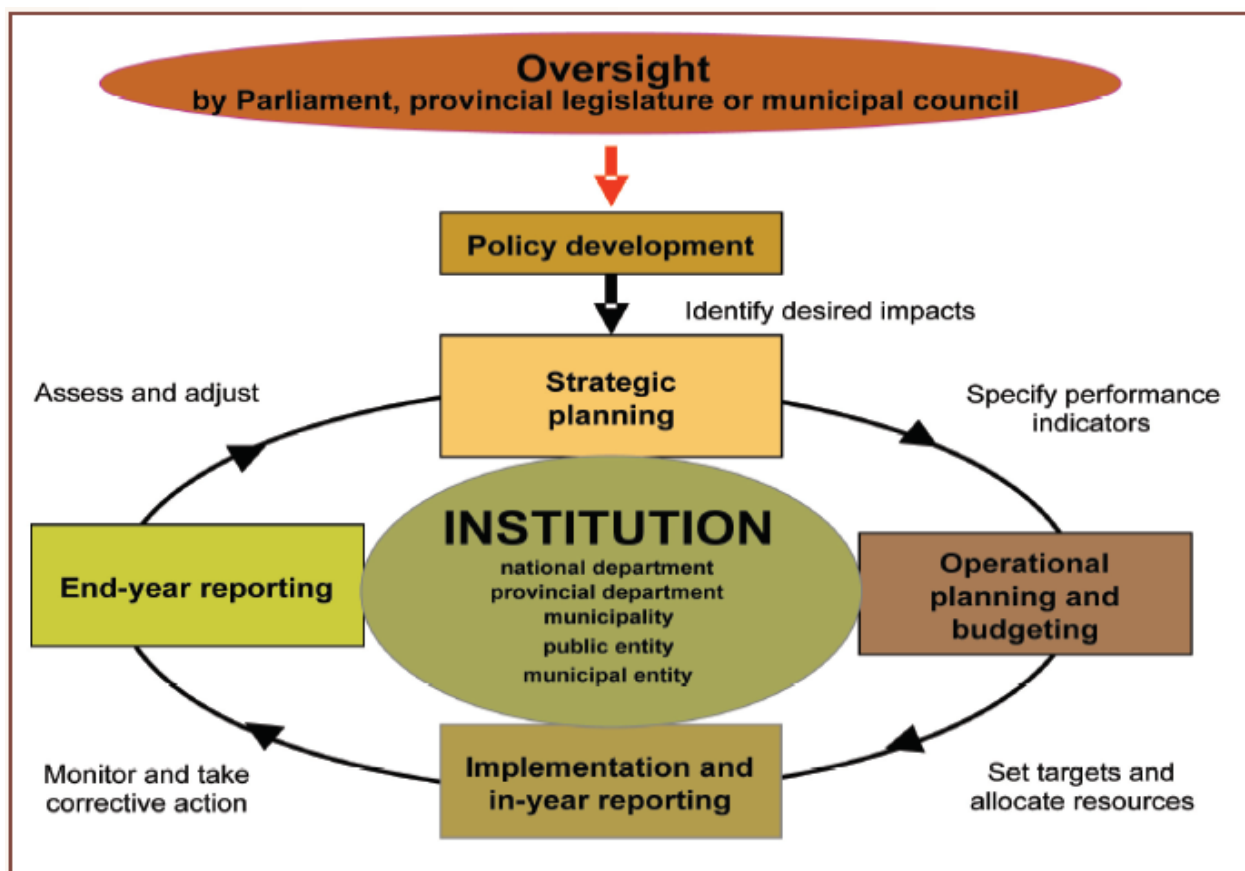
Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
Municipal Transformation and Organisational Development	An effective Corporate System and Performnace Management			4 678	4 641	5 801	5 802			6 263	6 786	7 352	
Infrastructure Development and Sustainable Service Delivery	Provision of good quality water, electricity, sanitation and refuse removal services and maintaining the roads infrastructure			31 941	33 371	35 904	43 930			47 736	50 371	54 044	
Local Economical Development	Ensuring labour intensive projects in delivering services and maintaining infrastructure and services			318	335	360	401			433	471	513	
Effective and sound financial viability	Effective utilisation of revenue to promote sound financial stability			5 823	6 690	6 954	6 779			6 806	7 546	8 160	
Healthy communities	Maintain recreational facilities			774	557	779	1 230			1 127	1 038	1 100	
	Maintain all community facilities			1 553	1 805	1 883	2 286			3 020	3 186	3 293	
	Safety			2 120	2 131	2 525	2 623			6 186	6 508	7 050	
Good Governance	Maintain a system of public participation and an effective transparent public administration			6 036	6 335	7 032	7 433			7 743	6 870	7 332	
Allocations to other priorities													
Total Expenditure				1	53 243	55 865	61 239	70 483	-	-	79 313	82 776	88 845

NC065 Hantam - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Municipal Transformation and Organisational Development	An effective Corporate System and Performnace Management	A		97		30	100					
Infrastructure Development and Sustainable Service Delivery	Provision of good quality water, electricity, sanitation and refuse removal services and maintaining the roads infrastructure	B		6 376		15 748	23 444			13 253	27 589	20 810
		C										
Local Economical Development	Ensuring labour intensive projects in delivering services and maintaining infrastructure and services	D										
		E										
Effective and sound financial viability	Effective utilisation of revenue to promote sound financial stability	F										
		G										
Healthy communities	Maintain recreational facilities	H				50						
	Maintain all community facilities	I										
	Safety	J										
Good Governance	Maintain a system of public participation and an effective transparent public administration	K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	6 473	–	15 828	23 544	–	–	13 253	27 589	20 810

## Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and must implement a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

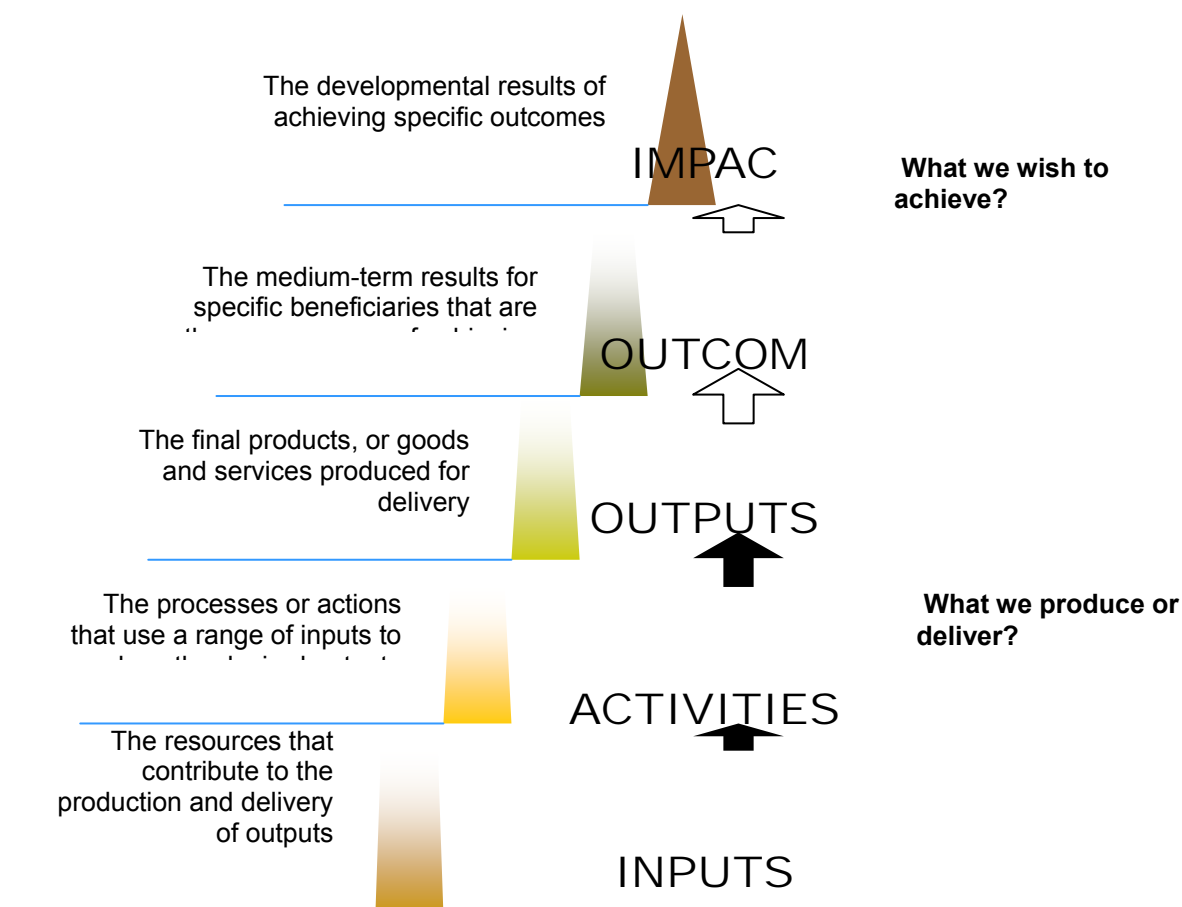


**Figure 2**Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**Figure 3 Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

**Table 5MBRR Table SA8 - Performance indicators and benchmarks**

NC065 Hantam - Supporting Table SA8 Performance indicators and benchmarks

NU605 Hanam - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.5%	3.0%	2.7%	1.8%	2.4%	0.0%	0.0%	3.1%	1.7%	1.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.7%	5.3%	4.5%	3.0%	3.5%	0.0%	0.0%	4.6%	2.4%	1.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	72.9%	67.3%	0.0%	0.0%	100.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	11.2%	8.0%	9.2%	6.1%	14.5%	0.0%	0.0%	19.6%	6.1%	4.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.0	0.9	9.8	10.0	1.5	–	–	4.0	4.5	4.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	0.9	9.8	10.0	1.5	–	–	4.0	4.5	4.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.1	2.3	–	0.0	–	–	0.1	0.3	0.1
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		103.1%	101.3%	84.0%	87.3%	75.8%	0.0%	0.0%	74.1%	77.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		103.1%	107.7%	84.0%	87.3%	75.8%	0.0%	0.0%	74.1%	77.6%	78.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23.2%	20.9%	21.4%	21.8%	19.2%	0.0%	0.0%	20.5%	21.5%	22.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		407.2%	-139.6%	0.0%	0.0%	-665.0%	0.0%	0.0%	-58.8%	42.5%	-1136.6%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	43.2%	42.0%	38.6%	38.9%	35.3%	0.0%	0.0%	35.2%	36.5%	38.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	72.2%	41.4%	37.4%	0.0%		37.3%	3.4%	3.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	10.1%	0.0%	5.3%	6.6%	5.2%	0.0%		4.7%	4.1%	4.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.7%	11.1%	10.4%	7.5%	7.7%	0.0%	0.0%	7.5%	7.0%	6.8%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	41.0	50.0	42.3	56.0	56.0	56.0	–	28.2	38.2	40.8
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	41.4%	36.7%	38.5%	36.3%	35.1%	0.0%	0.0%	36.3%	36.1%	36.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.6	(1.4)	(1.1)	(0.1)	(0.1)	–	–	(0.1)	0.1	(0.0)

## Performance indicators and benchmarks

### *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, borrowing strategy is primarily informed by the affordability of debt repayments.

### *Safety of Capital*

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1.
- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 120 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

### *Creditors Management*

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.
- The electricity distribution losses have been managed. (17 per cent 2011/2012). The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses are still increasing in 2013/2014
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk

purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality strategy to ensure the management of its asset base.

### **Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/15 financial year 2 000 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity, one free drain pumping and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

### **Providing clean water and managing waste water**

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;

### **Overview of budget related-policies**

The municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in 2001 and must be reviewed. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed. The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 85 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels.

### **Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities.



## **Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

## **Budget Policies**

The Budget Policies aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations.

## **Cash Management and Investment Policy**

The aim of the policy is to ensure that the municipality surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

## **Tariff Policies**

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

## **Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2014/15 MTREF with the emphasis on affordability and long-term sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available at the municipality, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## Overview of budget assumptions

### External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

### General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

### Credit rating outlook

**Table 6 Credit rating outlook**

Security class	Currency	Rating	Annual rating 2012/13	Previous Rating
Short term	Rand	Prime -1		Prime -1
Long-term	Rand	Aa3		Aa3
Outlook	Rand	Negative		Negative

The rating definitions are:

- Short term : Prime – 1  
Short-Term Debt Ratings (maturities of less than one year)  
Prime-1 (highest quality)
- Long-term : Aa3  
Defined as high-grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.

### Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

**Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2015. Year three is an across the board increase of 6.85 per cent.

**Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

**Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

NC065 Hantam - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		17 630	19 406	22 314	23 852	23 852	23 852	25 608	25 033	23 220
Local Government Equitable Share										
Local Government Equitable Share		15 680	17 166	20 014	20 312	20 312	20 312	20 566	20 616	20 102
Finance Management		1 200	1 450	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement		750	790	800	890	890	890	934	967	1 018
EPWP Incentive					1 000	1 000	1 000	1 308		
Integrated National Electrification Programme								1 000	1 500	
Other transfers/grants [insert description]										
Provincial Government:		260	399	378	559	559	559	559	559	559
Sport and Recreation		260	399	378	559	559	559	559	559	559
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	17 890	19 805	22 692	24 411	24 411	24 411	26 167	25 592	23 779
<b>Capital Transfers and Grants</b>										
National Government:		4 686	10 505	12 743	20 086	12 098	12 098	10 753	26 089	20 810
Municipal Infrastructure Grant (MIG)		4 686	10 505	12 743	12 098	12 098	12 098	9 953	9 589	9 810
Regional Bulk Infrastructure								800	16 500	11 000
Accelerated Infrastructure					7 988					
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	4 686	10 505	12 743	20 086	12 098	12 098	10 753	26 089	20 810
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		22 576	30 310	35 435	44 497	36 509	36 509	36 920	51 681	44 589

NC065 Hantam - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
<b>Cash Receipts By Source</b>															
Property rates	444	444	444	444	444	444	444	444	444	444	444	444	5 322	6 319	6 968
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	1 467	1 467	1 467	1 467	1 467	1 467	1 467	1 467	1 467	1 467	1 467	1 467	17 610	19 690	21 265
Service charges - water revenue	553	553	553	553	553	553	553	553	553	553	553	553	6 635	7 419	8 012
Service charges - sanitation revenue	319	319	319	319	319	319	319	319	319	319	319	319	3 827	4 239	4 536
Service charges - refuse revenue	336	336	336	336	336	336	336	336	336	336	336	336	4 030	4 464	4 777
Service charges - other	23	23	23	23	23	23	23	23	23	23	23	23	271	301	310
Rental of facilities and equipment	63	63	63	63	63	63	63	63	63	63	63	63	757	721	721
Interest earned - external investments	21	21	21	21	21	21	21	21	21	21	21	21	250	250	250
Interest earned - outstanding debtors	75	75	75	75	75	75	75	75	75	75	75	75	896	896	896
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	4	4	4	4	4	4	4	4	4	4	4	4	48	75	80
Licences and permits	118	118	118	118	118	118	118	118	118	118	118	118	1 413	1 451	1 501
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	10 376	1 642	280	–	7 148	–	–	580	5 142	–	–	–	25 167	24 092	23 779
Other revenue	26	26	26	26	26	26	26	26	26	26	26	26	310	300	305
<b>Cash Receipts by Source</b>	<b>13 823</b>	<b>5 089</b>	<b>3 727</b>	<b>3 447</b>	<b>10 596</b>	<b>3 447</b>	<b>3 447</b>	<b>4 027</b>	<b>8 589</b>	<b>3 447</b>	<b>3 447</b>	<b>3 447</b>	<b>66 536</b>	<b>70 216</b>	<b>73 400</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	11 753	–	–	–	–	–	–	–	–	–	–	–	11 753	27 589	20 810
Contributions recognised - capital & Contributed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	1 500	–	–	–	–	–	–	–	1 500	–	–
Increase (decrease) in consumer deposits	2	2	2	2	2	2	2	2	2	2	2	2	20	26	27
Decrease (increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Cash Receipts by Source</b>	<b>25 578</b>	<b>5 091</b>	<b>3 729</b>	<b>3 449</b>	<b>12 098</b>	<b>3 449</b>	<b>3 449</b>	<b>4 029</b>	<b>8 591</b>	<b>3 449</b>	<b>3 449</b>	<b>3 449</b>	<b>79 809</b>	<b>97 831</b>	<b>94 237</b>
<b>Cash Payments by Type</b>															
Employee related costs	2 081	2 081	2 081	2 081	3 408	2 081	2 081	2 081	2 081	2 081	2 081	2 081	26 299	28 045	30 526
Remuneration of councillors	209	209	209	209	209	209	209	209	209	209	209	209	2 512	2 633	2 817
Finance charges	15	15	15	15	15	15	15	15	15	15	15	15	178	110	61
Bulk purchases - Electricity	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	18 387	19 448	21 004
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials	302	302	302	302	302	302	302	302	302	302	302	302	3 623	3 199	3 434
Contracted services	45	45	45	45	45	45	45	45	45	45	45	45	535	592	650
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	1 155	1 155	1 155	1 155	1 155	1 155	1 155	1 155	1 155	1 155	1 155	1 155	13 855	14 214	15 291
<b>Cash Payments by Type</b>	<b>5 339</b>	<b>5 339</b>	<b>5 339</b>	<b>5 339</b>	<b>6 665</b>	<b>5 339</b>	<b>5 339</b>	<b>5 339</b>	<b>5 339</b>	<b>5 339</b>	<b>5 339</b>	<b>5 339</b>	<b>65 389</b>	<b>68 241</b>	<b>73 783</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	2 351	2 351	2 351	2 351	3 851	–	–	–	–	–	–	–	13 253	27 589	20 810
Repayment of borrowing	80	80	80	80	80	80	80	80	80	80	80	80	961	784	377
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Cash Payments by Type</b>	<b>7 769</b>	<b>7 769</b>	<b>7 769</b>	<b>7 769</b>	<b>10 596</b>	<b>5 419</b>	<b>5 419</b>	<b>5 419</b>	<b>5 419</b>	<b>5 419</b>	<b>5 419</b>	<b>5 419</b>	<b>79 603</b>	<b>96 614</b>	<b>94 970</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>17 809</b>	<b>(2 478)</b>	<b>(4 041)</b>	<b>(4 320)</b>	<b>1 502</b>	<b>(1 970)</b>	<b>(1 970)</b>	<b>(1 390)</b>	<b>3 172</b>	<b>(1 970)</b>	<b>(1 970)</b>	<b>(1 970)</b>	<b>206</b>	<b>1 217</b>	<b>(733)</b>
Cash/cash equivalents at the month/year begin:	(717)	17 092	14 414	10 374	6 053	7 555	5 586	3 616	2 226	5 398	3 428	1 459	(717)	(511)	706
Cash/cash equivalents at the month/year end:	17 092	14 414	10 374	6 053	7 555	5 586	3 616	2 226	5 398	3 428	1 459	(511)	(511)	706	(26)

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

NC065 Hantam - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		29 735	35 030	32 358	37 894	38 066			40 223	44 978	48 475
Government - operating	1	17 870	19 795	23 692	24 411	24 411			25 167	24 092	23 779
Government - capital	1	5 817	12 018	14 743	20 086	24 680			11 753	27 589	20 810
Interest		152	119	150	150	250			1 146	1 146	1 146
Dividends											
Payments											
Suppliers and employees		(43 104)	(57 853)	(53 435)	(60 815)	(67 871)			(36 400)	(37 453)	(40 379)
Finance charges		(158)	(1 157)	(85)	(148)	(148)			(28 811)	(30 678)	(33 343)
Transfers and Grants	1	(335)	(304)	(287)	(150)	(188)			(178)	(110)	(61)
NET CASH FROM/(USED) OPERATING ACTIVITIES		9 977	7 648	17 136	21 427	19 199	-	-	12 900	29 564	20 427
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables			(2 106)								
Decrease (increase) in non-current investments		(710)									
Payments											
Capital assets		(6 473)	(12 600)	(15 828)	(21 484)	(25 440)			(13 253)	(27 589)	(20 810)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(7 182)	(14 706)	(15 828)	(21 484)	(25 440)	-	-	(13 253)	(27 589)	(20 810)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing					1 500	1 500			1 500		
Increase (decrease) in consumer deposits		26	34	20	24	70			20	26	27
Payments											
Repayment of borrowing		(599)	(588)	(502)	(765)	(528)			(961)	(784)	(377)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(573)	(554)	(482)	759	1 042	-	-	559	(758)	(350)
NET INCREASE/ (DECREASE) IN CASH HELD		2 222	(7 612)	826	702	(5 199)	-	-	206	1 217	(733)
Cash/cash equivalents at the year begin:	2		2 222	(5 390)	(1 160)	4 482		4 482	(717)	(511)	706
Cash/cash equivalents at the year end:	2	2 222	(5 390)	(4 564)	(458)	(717)	-	4 482	(511)	706	(26)

## Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A deficit would indicate the cash-backed accumulated surplus that was/is available.

NC065 Hantam - Table A8 Cash backed reserves/accumulated surplus reconciliation

Notes to Financial Statements											
Table A: Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	2 222	(5 390)	(4 564)	(458)	(717)	-	4 482	(511)	706	(26)
Other current investments > 90 days		7 097	7 097	8 732	(532)	507	-	(4 482)	507	507	507
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		9 319	1 707	4 167	(990)	(209)	-	-	(3)	1 214	481
<b>Application of cash and investments</b>											
Unspent conditional transfers		6 388	1 369	-	-	1 724	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(2 174)	(3 786)	(11 247)	(12 907)	(6 115)	-	-	(11 831)	(13 426)	(14 843)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		4 214	(2 418)	(11 247)	(12 907)	(4 391)	-	-	(11 831)	(13 426)	(14 843)
Surplus/(shortfall)		5 105	4 124	15 414	11 917	4 181	-	-	11 828	14 640	15 324

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

**Funding compliance measurement**

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Total Operating Revenue			46 851	52 428	62 573	67 953	74 905	–	–	79 698	82 311	85 954
Total Operating Expenditure			54 642	58 626	64 977	72 230	74 860	–	–	79 313	82 776	88 845
Operating Performance Surplus/(Deficit)			(7 791)	(6 198)	(2 404)	(4 277)	45	–	–	384	(465)	(2 892)
Cash and Cash Equivalents (30 June 2012)										(511)		
<b>Revenue</b>												
% Increase in Total Operating Revenue				11.9%	19.3%	8.6%	10.2%	(100.0%)	0.0%	6.4%	3.3%	4.4%
% Increase in Property Rates Revenue				3.9%	9.9%	28.3%	(8.0%)	(100.0%)	0.0%	10.0%	14.7%	10.3%
% Increase in Electricity Revenue				23.5%	16.4%	4.1%	1.9%	(100.0%)	0.0%	5.4%	8.0%	8.0%
% Increase in Property Rates & Services Charges				13.3%	17.1%	14.0%	3.3%	(100.0%)	0.0%	8.9%	8.8%	8.1%
<b>Expenditure</b>												
% Increase in Total Operating Expenditure				7.3%	10.8%	11.2%	3.6%	(100.0%)	0.0%	5.9%	4.4%	7.3%
% Increase in Employee Costs				8.7%	9.8%	9.3%	0.0%	(100.0%)	0.0%	6.2%	6.9%	8.8%
% Increase in Electricity Bulk Purchases				30.9%	14.5%	13.5%	15.4%	(100.0%)	0.0%	7.5%	8.0%	8.0%
Average Cost Per Budgeted Employee Position (Remuneration)					0	0				5612096.2		
Average Cost Per Councillor (Remuneration)					0	0				287782.7778		
R&M % of PPE			7.4%	0.0%	4.1%	4.2%	3.2%	0.0%		2.9%	2.2%	2.2%
Asset Renewal and R&M as a % of PPE			25.0%	5.0%	22.0%	71.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Debt Impairment % of Total Biliable Revenue			16.6%	7.3%	2.8%	8.5%	7.1%	0.0%	0.0%	10.6%	9.4%	9.0%
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)			696	85	1 085	558	730	–	–	–	–	–
Borrowing (R'000)			–	–	–	1 500	1 500	–	–	1 500	–	–
Grant Funding and Other (R'000)			5 777	12 515	14 743	21 486	25 908	–	–	11 753	27 589	20 810
Internally Generated funds % of Non Grant Funding			100.0%	100.0%	100.0%	27.1%	32.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	72.9%	67.3%	0.0%	0.0%	100.0%	0.0%	0.0%
Grant Funding % of Total Funding			89.2%	99.3%	93.1%	91.3%	92.1%	0.0%	0.0%	88.7%	100.0%	100.0%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)			6 473	12 600	15 828	23 544	28 138	–	–	13 253	27 589	20 810
Asset Renewal			–	1 939	2 876	4 105	–	–	–	–	–	–
Asset Renewal % of Total Capital Expenditure			0.0%	15.4%	18.2%	17.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other			103.1%	107.7%	84.0%	87.3%	75.8%	0.0%	0.0%	74.1%	77.6%	78.3%
Cash Coverage Ratio			0	(0)	(0)	(0)	(0)	–	–	(0)	0	(0)
<b>Borrowing</b>												
Credit Rating (2009/10)										0		
Capital Charges to Operating			2.5%	3.0%	2.7%	1.8%	2.4%	0.0%	0.0%	3.1%	1.7%	1.2%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	72.9%	67.3%	0.0%	0.0%	100.0%	0.0%	0.0%
<b>Reserves</b>												
Surplus/(Deficit)			5 105	4 124	15 414	11 917	4 181	–	–	11 828	14 640	15 324
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	0.0%	22.5%	0.0%	0.0%		0.0%	0.0%	0.0%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			46 851	52 428	62 573	67 953	74 905	–	–	79 698	82 311	85 954
Total Operating Expenditure			54 642	58 626	64 977	72 230	74 860	–	–	79 313	82 776	88 845
Surplus/(Deficit) Budgeted Operating Statement			(7 791)	(6 198)	(2 404)	(4 277)	45	–	–	384	(465)	(2 892)
Surplus/(Deficit) Considering Reserves and Cash Backing			(2 686)	(2 073)	13 010	7 640	4 226	–	–	12 212	14 175	12 432
MTREF Funded (1) / Unfunded (0)	15	0	0	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓

### Cash/cash equivalent position

The municipality forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

### Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25.

### Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due.

### Surplus/deficit excluding depreciation offsets



The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

*Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

*Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

*Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

*Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

**Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

All long term loans will be redeemed at the end of 30 June 2016. An application will be submitted for a loan of R1 500 000 for new vehicles.

*Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

*Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables.

*Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

*Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

## Expenditure on grants and reconciliations of unspent funds

NC065 Hantam - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		17 626	19 407	23 314	23 852	23 852	23 852	24 608	23 533	23 220
Local Government Equitable Share		15 680	17 166	20 014	20 312	20 312	20 312	20 566	20 616	20 102
Local Government Equitable Share										
Finance Management		1 196	1 451	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement		750	790	800	890	890	890	934	967	1 018
EPWP Incentive				1 000	1 000	1 000	1 000	1 308		
Integrated National Electrification Programme										
Other transfers/grants [insert description]										
Provincial Government:		265	387	378	559	559	559	559	559	559
Sport and Recreation		265	387	378	559	559	559	559	559	559
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total operating expenditure of Transfers and Grants:</b>		17 891	19 795	23 692	24 411	24 411	24 411	25 167	24 092	23 779
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		5 441	11 416	12 743	20 086	12 098	12 098	11 753	27 589	20 810
Municipal Infrastructure Grant (MIG)		5 441	11 416	12 743	12 098	12 098	12 098	9 953	9 589	9 810
Regional Bulk Infrastructure								800	16 500	11 000
								1 000	1 500	
Accelerated Infrastructure					7 988					
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		5 441	11 416	12 743	20 086	12 098	12 098	11 753	27 589	20 810
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		23 332	31 211	36 435	44 497	36 509	36 509	36 920	51 681	44 589

**Councillor and employee benefits**

NC065 Hantam - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages				15 779	1 684	1 673	1 673	1 806	1 933	2 068
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance				526	550	547	547	590	632	676
Cellphone Allowance				1 219	127	179	179	193	207	221
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		-	-	17 523	2 361	2 398	2 398	2 590	2 771	2 965
% increase	4		-	-	(86.5%)	1.6%	-	8.0%	7.0%	7.0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages				2 076	2 767	2 767	2 767	2 424		
Pension and UIF Contributions				263	164	164	164	78		
Medical Aid Contributions				150	45	45	45	45		
Overtime						-	-			
Performance Bonus						-	-			
Motor Vehicle Allowance	3			536	486	486	486	318		
Cellphone Allowance	3					-	-			
Housing Allowances	3			39	24	24	24	12		
Other benefits and allowances	3			25	31	31	31	7		
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	-	3 089	3 517	3 517	3 517	2 885	-	-
% increase	4		-	-	13.9%	-	-	(18.0%)	(100.0%)	-
<b>Other Municipal Staff</b>										
Basic Salaries and Wages				15 708	15 811	16 142	16 142	17 418		
Pension and UIF Contributions				2 883	2 876	2 687	2 687	3 221		
Medical Aid Contributions				962	1 065	1 041	1 041	1 109		
Overtime				774	946	938	938	987		
Performance Bonus						-	-			
Motor Vehicle Allowance	3			933	1 054	852	852	1 004		
Cellphone Allowance	3					-	-			
Housing Allowances	3			234	165	175	175	183		
Other benefits and allowances	3			3 056	314	265	265	306		
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		-	-	24 552	22 231	22 101	22 101	24 227	-	-
% increase	4		-	-	(9.5%)	(0.6%)	-	9.6%	(100.0%)	-
<b>Total Parent Municipality</b>		-	-	45 164	28 109	28 016	28 016	29 702	2 771	2 965
			-	-	(37.8%)	(0.3%)	-	6.0%	(90.7%)	7.0%
<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		-	-	45 164	28 109	28 016	28 016	29 702	2 771	2 965
% increase	4		-	-	(37.8%)	(0.3%)	-	6.0%	(90.7%)	7.0%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	-	-	27 640	25 748	25 618	25 618	27 112	-	-

**Table 48MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

NC065 Hantam - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4							-
Chief Whip								-
Executive Mayor								-
Deputy Executive Mayor								-
Executive Committee								-
Total for all other councillors		9	1 806 410		783 635			2 590 045
<b>Total Councillors</b>	8	9	1 806 410	-	783 635			2 590 045
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			711 986	3 600	96 000			811 586
Chief Finance Officer			695 349	3 600	32 400			731 349
HOD Social Services			403 919	119 910	122 410			646 239
								-
								-
<i>List of each official with packages &gt;= senior manager</i>								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	-	1 811 254	127 110	250 810	-		2 189 174
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total for municipal entities</b>	8,10	-	-	-	-	-		-
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	9	3 617 664	127 110	1 034 445	-		4 779 219

NC065 Hantam - Supporting Table SA25 Budgeted monthly revenue and expenditure

2014/15 Medium Term Revenue and Expenditure Framework															Medium Term Revenue and Expenditure Framework		
Description	Ref	Budget Year 2014/15												Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
		July	August	Sept.	October	November	December	January	February	March	April	May	June				
Revenue By Source																	
Property rates		6 261											(0)	6 261	7 181	7 918	
Property rates - penalties & collection charges													-	-	-	-	
Service charges - electricity revenue		1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	1 726	20 717	22 374	24 164	
Service charges - water revenue		650	650	650	650	650	650	650	650	650	650	650	650	7 806	8 430	9 105	
Service charges - sanitation revenue		375	375	375	375	375	375	375	375	375	375	375	375	4 502	4 817	5 154	
Service charges - refuse revenue		395	395	395	395	395	395	395	395	395	395	395	395	4 741	5 073	5 428	
Service charges - other		26	26	26	26	26	26	26	26	26	26	26	26	308	342	352	
Rental of facilities and equipment		63	63	63	63	63	63	63	63	63	63	63	63	757	819	820	
Interest earned - external investments		21	21	21	21	21	21	21	21	21	21	21	21	250	250	250	
Interest earned - outstanding debtors		90	90	90	90	90	90	90	90	90	90	90	90	1 080	1 080	1 080	
Dividends received													-	-	-	-	
Fines		4	4	4	4	4	4	4	4	4	4	4	4	48	51	51	
Licences and permits		118	118	118	118	118	118	118	118	118	118	118	118	1 413	1 451	1 501	
Agency services													-	-	-	-	
Transfers recognised - operational		10 376	1 642	280		7 148			580	5 142			-	25 167	24 092	23 779	
Other revenue		26	26	26	26	26	26	26	26	26	26	26	6 359	6 647	6 350	6 351	
Gains on disposal of PPE													-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		20 132	5 137	3 774	3 495	10 643	3 495	3 495	4 074	8 636	3 495	3 495	9 828	79 698	82 311	85 954	
Expenditure By Type																	
Employee related costs		2 145	2 145	2 145	2 145	3 513	2 145	2 145	2 445	2 145	2 145	2 145	2 794	28 060	30 006	32 653	
Remuneration of councillors		216	216	216	216	216	216	216	216	216	216	216	216	2 590	2 771	2 965	
Debt impairment		398	398	398	398	398	398	398	398	398	398	398	398	4 778	4 609	4 741	
Depreciation & asset impairment		374	374	374	374	374	374	374	374	374	374	374	374	4 484	5 156	5 156	
Finance charges		127	127	127	127	127	127	127	127	127	127	127	255	1 528	641	648	
Bulk purchases		1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	18 956	20 472	22 109	
Other materials		315	315	315	315	315	315	315	315	315	315	315	315	3 774	3 367	3 615	
Contracted services		46	46	46	46	46	46	46	46	46	46	46	46	551	623	684	
Transfers and grants		160											-	160	169	179	
Other expenditure		1 209	1 209	1 209	1 209	1 209	1 209	1 209	1 209	1 209	1 209	1 209	1 130	14 432	14 962	16 095	
Loss on disposal of PPE													-	-	-	-	
Total Expenditure		6 569	6 410	6 410	6 410	7 778	6 410	6 410	6 710	6 410	6 410	6 282	7 107	79 313	82 776	88 845	
Surplus/(Deficit)		13 563	(1 273)	(2 636)	(2 915)	2 866	(2 915)	(2 915)	(2 636)	2 226	(2 915)	(2 788)	2 721	384	(465)	(2 892)	
Transfers recognised - capital													11 753	11 753	27 589	20 810	
Contributions recognised - capital													-	-	-	-	
Contributed assets													-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		13 563	(1 273)	(2 636)	(2 915)	2 866	(2 915)	(2 915)	(2 636)	2 226	(2 915)	(2 788)	14 474	12 137	27 124	17 918	
Taxation													-	-	-	-	
Attributable to minorities													-	-	-	-	
Share of surplus/ (deficit) of associate													-	-	-	-	
Surplus/(Deficit)	1	13 563	(1 273)	(2 636)	(2 915)	2 866	(2 915)	(2 915)	(2 636)	2 226	(2 915)	(2 788)	14 474	12 137	27 124	17 918	

NC065 Hantam - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>																
Vote 1 - Executive and Council		697				556				418			–	1 671	1 745	1 823
Vote 2 - Budget and Treasury Office		8 097	970	36	36	36	36	36	36	36	36	36	36	9 425	10 528	11 466
Vote 3 - Corporate Services		5 107	112	112	112	4 100	112	112	112	3 106	112	112	6 444	19 652	13 063	12 689
Vote 4 - Community and Social Services		54	54	54	54	54	54	54	54	54	54	54	54	651	581	581
Vote 5 - Sport and Recreation		29	29	29	29	29	29	29	29	29	29	29	29	349	134	134
Vote 6 - Public Safety														–	–	–
Vote 7 - Planning and Development														–	–	–
Vote 8 - Road Transport		138	138	138	138	138	138	138	138	138	138	138	138	1 653	1 495	1 545
Vote 9 - Environmental Health		2	2	2	2	2	2	2	2	2	2	2	2	25	37	38
Vote 10 - Electricity		3 013	1 795	1 795	1 795	2 767	1 795	1 795	1 795	2 525	1 795	1 795	1 795	24 463	26 022	27 726
Vote 11 - Water		1 631	662	662	662	1 436	662	662	662	1 243	662	662	662	10 270	10 803	11 408
Vote 12 - Waste Water Management		400	376	376	376	395	376	376	376	390	376	376	376	4 566	4 879	5 214
Vote 13 - Solid Waste		1 121	446	446	446	985	446	446	446	850	446	446	446	6 971	6 692	6 997
Vote 14 - Other														–	–	–
Vote 15 - [NAME OF VOTE 15]														–	–	–
<b>Total Revenue by Vote</b>		20 288	4 584	3 650	3 650	10 499	3 650	3 650	3 650	8 792	3 650	3 650	9 983	79 698	75 978	79 621
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and Council		643	643	643	643	666	643	643	643	643	643	643	643	7 743	6 870	7 332
Vote 2 - Budget and Treasury Office		548	548	548	548	779	548	548	548	548	548	548	548	6 806	7 546	8 160
Vote 3 - Corporate Services		505	505	505	505	710	505	505	505	505	505	505	505	6 263	6 786	7 352
Vote 4 - Community and Social Services		181	181	181	181	253	181	181	181	181	181	181	181	2 250	2 330	2 456
Vote 5 - Sport and Recreation		92	92	92	92	113	92	92	92	92	92	92	92	1 127	1 038	1 100
Vote 6 - Public Safety		6	6	6	6	6	6	6	6	6	6	6	6	76	90	96
Vote 7 - Planning and Development		34	34	34	34	56	34	34	34	34	34	34	34	433	471	513
Vote 8 - Road Transport		478	478	478	478	671	478	478	478	478	478	478	478	5 930	6 218	6 739
Vote 9 - Environmental Health		15	15	15	15	21	15	15	15	15	15	15	15	180	200	215
Vote 10 - Electricity		2 203	2 203	2 203	2 203	2 288	2 203	2 203	2 203	2 203	2 203	2 203	2 203	26 519	28 474	30 591
Vote 11 - Water		721	721	721	721	894	721	721	721	721	721	721	721	8 823	9 320	9 920
Vote 12 - Waste Water Management		321	321	321	321	422	321	321	321	321	321	321	321	3 955	4 653	4 973
Vote 13 - Solid Waste		684	684	684	684	919	684	684	684	684	684	684	684	8 439	7 925	8 561
Vote 14 - Other		64	64	64	64	64	64	64	64	64	64	64	64	770	856	836
Vote 15 - [NAME OF VOTE 15]														–	–	–
<b>Total Expenditure by Vote</b>		6 495	6 495	6 495	6 495	7 863	6 495	6 495	6 495	6 495	6 495	6 495	6 495	79 313	82 776	88 845
<b>Surplus/(Deficit) before assoc.</b>		13 792	(1 911)	(2 845)	(2 845)	2 636	(2 845)	(2 845)	(2 845)	2 296	(2 845)	(2 845)	3 487	384	(6 798)	(9 224)
Taxation														–	–	–
Attributable to minorities														–	–	–
Share of surplus/(deficit) of associate														–	–	–
<b>Surplus/(Deficit)</b>	1	13 792	(1 911)	(2 845)	(2 845)	2 636	(2 845)	(2 845)	(2 845)	2 296	(2 845)	(2 845)	3 487	384	(6 798)	(9 224)

NC065 Hantam - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Executive and Council														–	–	–
Vote 2 - Budget and Treasury Office														–	–	–
Vote 3 - Corporate Services														–	–	–
Vote 4 - Community and Social Services														–	–	–
Vote 5 - Sport and Recreation														–	–	–
Vote 6 - Public Safety														–	–	–
Vote 7 - Planning and Development														–	–	–
Vote 8 - Road Transport														–	–	–
Vote 9 - Environmental Health														–	–	–
Vote 10 - Electricity														–	–	–
Vote 11 - Water														–	–	–
Vote 12 - Waste Water Management														–	–	–
Vote 13 - Solid Waste														–	–	–
Vote 14 - Other														–	–	–
Vote 15 - [NAME OF VOTE 15]														–	–	–
<b>Capital multi-year expenditure sub-total</b>	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive and Council														–	–	–
Vote 2 - Budget and Treasury Office														–	–	–
Vote 3 - Corporate Services														–	–	–
Vote 4 - Community and Social Services														–	–	–
Vote 5 - Sport and Recreation														–	–	–
Vote 6 - Public Safety														–	–	–
Vote 7 - Planning and Development														–	–	–
Vote 8 - Road Transport														–	–	–
Vote 9 - Environmental Health														–	–	–
Vote 10 - Electricity		200	200	200	200	200								1 000	1 500	–
Vote 11 - Water		160	160	160	160	160								800	16 500	11 000
Vote 12 - Waste Water Management		1 991	1 991	1 991	1 991	1 991								9 953	9 589	9 810
Vote 13 - Solid Waste														–	–	–
Vote 14 - Other														1 500	–	–
Vote 15 - [NAME OF VOTE 15]														–	–	–
<b>Capital single-year expenditure sub-total</b>	2	2 351	2 351	2 351	2 351	3 851	–	–	–	–	–	–	–	13 253	27 589	20 810
<b>Total Capital Expenditure</b>	2	2 351	2 351	2 351	2 351	3 851	–	–	–	–	–	–	–	13 253	27 589	20 810



## 2.3 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance of the municipality.
2. Internship programme  
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
The Hantam Municipality established an Audit Committee.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2013 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the municipality training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 1197 of 28 May 2008. The ratios as prescribed in the Regulations have been complied with.

## SUPPORTING DOCUMENTS

NC065 Hantam - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

OC065 Hantam - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
REVENUE ITEMS:											
Property rates	6	4 484	4 727	5 136	7 871	6 235			6 858	7 819	8 601
Total Property Rates		263	341	316	1 686	543			597	639	683
Less Revenue Forgone											
Net Property Rates		4 221	4 386	4 820	6 186	5 692	-	-	6 261	7 181	7 918
Service charges - electricity revenue											
Total Service charges - electricity revenue		13 156	16 312	18 811	19 292	19 658			20 717	22 374	24 164
Less Revenue Forgone		261	353	283							
Net Service charges - electricity revenue		12 895	15 919	18 529	19 292	19 658	-	-	20 717	22 374	24 164
Service charges - water revenue											
Total Service charges - water revenue		4 840	5 309	6 086	6 292	6 161			7 806	8 430	9 105
Less Revenue Forgone		646	1 010	942							
Net Service charges - water revenue		4 194	4 299	5 144	6 292	6 161	-	-	7 806	8 430	9 105
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		5 288	5 792	2 856	3 179	4 635			4 502	4 817	5 154
Less Revenue Forgone		646	1 010								
Net Service charges - sanitation revenue		4 642	4 782	2 856	3 179	4 635	-	-	4 502	4 817	5 154
Service charges - refuse revenue											
Total refuse removal revenue				3 845	4 159	4 297			4 741	5 073	5 428
Total landfill revenue				941							
Less Revenue Forgone				2 904	4 159	4 297	-	-	4 741	5 073	5 428
Net Service charges - refuse revenue		-	-	2 904	4 159	4 297	-	-	4 741	5 073	5 428
Other Revenue by source											
List other revenue by source					127	6 916			6 333	6 333	6 333
1		1	7		1						
9		9	7		8						
45		45	51		53						
6		6	3		4						
1		1	0		181	1					
187		187	455	1 301							
11		11									
1		1	0								
Total 'Other' Revenue	3								314	18	18
	1	261	524	1 301	379	6 916	-	-	6 647	6 350	6 351
EXPENDITURE ITEMS:											
Employee related costs	2	14 867	15 509	16 890	18 520	18 916			19 842	21 606	23 526
Basic Salaries and Wages		2 495	2 721	2 725	3 040	2 894			3 300	3 597	3 867
Pension and UIF Contributions		811	907	961	1 111	1 051			1 155	1 254	1 407
Medical Aid Contributions		515	690	820	946	931			987	1 088	1 183
Overtime				131	180	241			300	320	350
Performance Bonus		1 101	1 271	1 364	1 540	1 329			1 322	1 439	1 572
Motor Vehicle Allowance											
Cellphone Allowance		250	235	214	189	199			195	197	209
Housing Allowances		216	287	286	353	297			313	340	369
Other benefits and allowances				-	100	100			150	165	170
Payments in lieu of leave				-	215	121			130		
Long service awards											
Post-retirement benefit obligations	4		402	790	211	340			369		
sub-total	5	20 254	22 021	24 170	26 414	26 419	-	-	28 060	30 006	32 653
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	20 254	22 021	24 170	26 414	26 419	-	-	28 060	30 006	32 653
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		4 722	4 638	5 276	4 513	4 513			4 484	5 156	5 156
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	10	4 722	4 638	5 276	4 513	4 513	-	-	4 484	5 156	5 156
Bulk purchases											
Electricity Bulk Purchases		8 985	11 761	13 462	15 275	17 630			18 950	20 466	22 103
Water Bulk Purchases					6				6	6	6
Total bulk purchases	1	8 985	11 761	13 462	15 281	17 630	-	-	18 956	20 472	22 109
Transfers and grants											
Cash transfers and grants		-	-	126	150	99	-	-	-	-	-
Non-cash transfers and grants		335	304	147	142	149	-	-	160	169	179
Total transfers and grants	1	335	304	273	292	248	-	-	160	169	179
Contracted services											
List services provided by contract		733	931	379	160	543			551	623	684
					91						
					70						
Allocations to organs of state:	1	733	931	379	321	543	-	-	551	623	684
Electricity											
Water											
Sanitation											
Other											
Total contracted services		733	931	379	321	543	-	-	551	623	684
Other Expenditure By Type											
Collection costs			245	329							
Contributions to 'other' provisions											
Consultant fees											
Audit fees					1 200						
General expenses	3	12 545	11 485	13 792	13 660	15 062			14 432	14 962	16 095
List Other Expenditure by Type											
Total 'Other' Expenditure	1	12 545	11 729	14 122	14 860	15 062	-	-	14 432	14 962	16 095
By Expenditure Item											
Employee related costs	8			2 731	4 165	3 868			3 774	3 367	3 615
Other materials											
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	-	-	2 731	4 165	3 868	-	-	3 774	3 367	3 615

NC065 Hantam - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Budget and Treasury Office	Vote 3 - Corporate Services	Vote 4 - Community and Social Services	Vote 5 - Sport and Recreation	Vote 6 - Public Safety	Vote 7 - Planning and Development	Vote 8 - Road Transport	Vote 9 - Environmental Health	Vote 10 - Electricity	Vote 11 - Water	Vote 12 - Waste Water Management	Vote 13 - Solid Waste	Vote 14 - Other	Vote 15 - [NAME OF VOTE 15]	Total
<b>Revenue By Source</b>	1																
Property rates			6 261														6 261
Property rates - penalties & collection charges																	-
Service charges - electricity revenue											20 717						20 717
Service charges - water revenue												7 806					7 806
Service charges - sanitation revenue													4 502				4 502
Service charges - refuse revenue														4 741			4 741
Service charges - other				42	4	115				25	72	41		5			308
Rental of facilities and equipment				749		6											757
Interest earned - external investments				250										2			250
Interest earned - outstanding debtors			430								650						1 080
Dividends received																	-
Fines					8				40								48
Licences and permits									1 413								1 413
Agency services																	-
Other revenue				6 634	8						5						6 647
Transfers recognised - operational		1 671	2 734	11 978	632	228			200		3 019	2 423		57	2 225		25 167
Gains on disposal of PPE																	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		1 671	9 425	19 652	651	349	-	-	1 653	25	24 463	10 270	4 566	6 971	-	-	79 698
<b>Expenditure By Type</b>																	
Employee related costs		1 153	4 674	4 643	1 249	375	2	395	3 438	148	1 877	3 203	1 730	4 224			27 112
Remuneration of councillors		2 590															2 590
Debt impairment											1 879	1 327	765	806			4 778
Depreciation & asset impairment			51	507	174	198	0		645	6	729	990		698	484		4 484
Finance charges		867	21	9	10				6					485	129		1 528
Bulk purchases											18 950	6					18 956
Other materials		5	651	232	141	388	7	0	572		730	850	76	19	105		3 774
Contracted services			108	33								50		360			551
Transfers and grants		160															160
Other expenditure		2 968	1 301	838	676	166	67	38	1 269	26	2 353	2 396	1 384	1 847	52		15 381
Loss on disposal of PPE																	-
<b>Total Expenditure</b>		7 743	6 806	6 263	2 250	1 127	76	433	5 930	180	26 519	8 823	3 955	8 439	770	-	79 313
<b>Surplus/(Deficit)</b>		(6 072)	2 619	13 389	(1 599)	(778)	(76)	(433)	(4 277)	(155)	(2 056)	1 447	612	(1 468)	(770)	-	384
Transfers recognised - capital																	-
Contributions recognised - capital																	-
Contributed assets																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(6 072)	2 619	13 389	(1 599)	(778)	(76)	(433)	(4 277)	(155)	(2 056)	1 447	612	(1 468)	(770)	-	384

NC065 Hantam - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

WC065 Hamilton - Supporting Table SA3 Supporting detail to Budgeted Financial Position											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>ASSETS</b>											
<u>Call investment deposits</u>											
Call deposits < 90 days				3 250		507			507	507	507
Other current investments > 90 days											
Total Call investment deposits	2	-	-	3 250	-	507	-	-	507	507	507
<u>Consumer debtors</u>											
Consumer debtors		23 451	24 872	34 374	36 314	12 688			14 698	16 018	17 673
Less: Provision for debt impairment		(13 773)	(15 306)	(23 473)	(25 446)						
Total Consumer debtors	2	9 678	9 566	10 901	10 868	12 688	-	-	14 698	16 018	17 673
<u>Debt impairment provision</u>											
Balance at the beginning of the year				18 606	21 973						
Contributions to the provision				4 867	3 474						
Bad debts written off											
Balance at end of year		-	-	23 473	25 446	-	-	-	-	-	-
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		96 858	109 173	121 568	112 888	120 643			129 758	150 614	166 269
Leases recognised as PPE											
Less: Accumulated depreciation	3	32 851	28 900	40 626	4 510						
Total Property, plant and equipment (PPE)	2	64 006	80 273	80 942	108 378	120 643	-	-	129 758	150 614	166 269
<b>LIABILITIES</b>											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		623	653								
Total Current liabilities - Borrowing		623	653	-	-	-	-	-	-	-	-
<u>Trade and other payables</u>											
Trade and other creditors		9 047	7 526			4 765			300	300	300
Unspent conditional transfers		6 388	1 369			1 724			-		
VAT											
Total Trade and other payables	2	15 435	8 894	-	-	6 489	-	-	300	300	300
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	2 179	1 561	1 790	1 184	2 392			3 077	962	663
Finance leases (including PPP asset element)						157			356	110	32
Total Non current liabilities - Borrowing		2 179	1 561	1 790	1 184	2 549	-	-	3 433	1 072	695
<u>Provisions - non-current</u>											
Retirement benefits		6 977	8 083		5 017	9 326			10 449	10 449	10 449
List other major provision items											
Refuse landfill site rehabilitation		3 280	3 608		13 345	4 410			4 895	5 429	6 016
Other				7 853		1 752			1 993	1 993	1 993
Total Provisions - non-current		10 258	11 691	7 853	18 362	15 489	-	-	17 337	17 871	18 458
<b>CHANGES IN NET ASSETS</b>											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance				80 084	95 227	84 180			89 810	128 836	144 655
GRAP adjustments											
Restated balance		-	-	80 084	95 227	84 180	-	-	89 810	128 836	144 655
Surplus/(Deficit)		(1 974)	7 607	9 933	7 821	12 143	-	-	12 137	27 124	17 918
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets					4 510						
Other adjustments					426				2 180		
Accumulated Surplus/(Deficit)	1	(1 974)	7 607	90 017	107 984	96 323	-	-	104 127	155 960	162 574
<u>Reserves</u>											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation		19 395	19 395	19 395	19 395	17 546			17 546	17 546	17 546
Total Reserves	2	19 395	19 395	19 395	19 395	17 546	-	-	17 546	17 546	17 546
TOTAL COMMUNITY WEALTH/EQUITY	2	17 421	27 002	109 412	127 378	113 869	-	-	121 673	173 506	180 120

**Municipal manager's quality certificate**

I, **Charl du Plessis**, municipal manager of **HANTAM Municipality**, hereby certify that the annual concept budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

**Print Name: Charl du Plessis**

**Municipal manager of HANTAM MUNICIPALITY (NC065)**

**Signature** \_\_\_\_\_

**Date 27 March 2014**